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VIETNAM: WHAT NEXT?

THE EDITORS

DE-NATIONALIZATION AND BRAZILIAN INDUSTRY

EDUARDO GALEANO

Toward Socialist Economics: A Manifesto

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Leo Huberman (1903-1968)

NOTES FROM THE EDITORS

In view of the fact that an increasing number of manuscripts are being submitted for publication in MR, we would like to remind our readers that MR is not a scholarly journal and has strictly limited space. A "normal"-sized MR article is not more than 15 typed pages—8½ x 11 inches, with reasonable margins. Footnotes should be limited to giving information likely to be of assistance to the intelligent general reader. Of course, like all other rules, these can be and on occasion are broken, but only in cases where we feel that an article is of quite exceptional interest and importance. In other words, the odds against a long and/or heavily footnoted manuscript being accepted for publication are high.

Socialist Register 1969 (see ad on back cover) has finally arrived from England. To those who sent in their orders some time ago we apologize for the delay, which was due to circumstances beyond our control. Orders will be filled within three weeks.

In this space in the October issue, we stated that anyone wanting to use particular issues of MR for supplementary course reading should have the college bookstore send us a bundle order, adding "they will get the 20 percent educational discount." A teacher in Ohio writes: "What do you think happens to this '20 percent'? Certainly it wouldn't be passed

(*Continued on inside back cover.*)

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VIETNAM: WHAT NEXT?

If it achieves nothing else, President Nixon's speech of November 3rd should at least have succeeded in destroying once and for all the illusion, so widespread on the Left during the last year and a half, that the U.S. ruling class has decided to liquidate the Vietnam war. Referring to the possibility of withdrawal from Vietnam, Nixon said:

> For the United States this first defeat in our nation's history would result in a collapse of confidence in American leadership not only in Asia but throughout the world.
>
> Three American Presidents have recognized the great stakes involved in Vietnam and understood what had to be done.
>
> In 1963 President Kennedy with his characteristic eloquence and clarity said we want to see a stable government there, carrying on the struggle to maintain its national independence.
>
> We believe strongly in that. We are not going to withdraw from that effort. In my opinion, for us to withdraw from that effort would mean a collapse not only of South Vietnam but Southeast Asia. So we're going to stay there.

Compared to this flat statement, Nixon's attempt to convince his audience that he has some kind of a "plan" to bring U.S. soldiers home from Vietnam—in one place he speaks of "all United States combat ground forces" and in another of "all of our forces"—is an obvious phony. The assumption underlying this supposed plan is that the Saigon forces can be built up to the point where they can "assume full responsibility for the security of South Vietnam." Yet it is clear enough

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from his own words that Nixon has no idea whether or when this might be achieved. At one point he said that "announcement of a fixed timetable for our withdrawal would completely remove any incentive for the enemy to negotiate an agreement. They would simply wait until our forces had withdrawn and then move in." But if Saigon couldn't take over the war by a fixed date, what reason is there to suppose that it would ever be able to? Obviously nothing in the historical record. And if Nixon feels so confident that it will be different in the future, one wonders why he thought it necessary to issue the following warning:

> I want to be sure that there is no misunderstanding on the part of the enemy with regard to our withdrawal program. We have noted the reduced level of infiltration, the reduction of our casualties, and are basing our withdrawal decisions partially on those factors.
>
> If the level of infiltration or our casualties increase while we are trying to scale down the fighting, it will be the result of a conscious decision by the enemy. Hanoi could make no greater mistake than to assume that an increase in violence will be to its advantage.
>
> If I conclude that increased enemy action jeopardizes our remaining forces in Vietnam, I shall not hesitate to take strong and effective measures to deal with that situation.

Whether or not this is, as some have interpreted it, a veiled threat to use atomic weapons, it is certainly a statement of an intent to escalate the U.S. war effort under certain conditions. And it is perfectly clear that, in Nixon's own estimation, the existence or non-existence of these conditions depends not on Saigon but on the National Liberation Front and Hanoi.

One of two things follows. Either the talk about getting U.S. forces out of Vietnam is deliberate deception designed to cover up a policy of indefinite continuation of the war. Or Nixon thinks he can intimidate the NLF and the North Vietnamese into accepting the Saigon regime. The history of Vietnamese resistance to foreign domination over the centuries and more particularly during the last 25 years suggests that the likelihood of the second alternative is very close to zero, though this does not rule out the possibility that the lesson has not yet been learned by the American ruling class which has repeatedly

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shown itself capable of grotesque misunderstandings of Vietnamese reality. But it matters little whether Nixon is guilty of deception or miscalculation: in either case he has publicly committed the United States to a course which has been described in these pages on an earlier occasion as "endless war."*

Once this is understood, the real meaning of the policy of "Vietnamization" which was so much stressed in Nixon's speech becomes clear. The purpose is of course not peace, and it is most unlikely that Nixon and his advisors really believe that they will be able to turn the war over to the puppet regime in Saigon. But they may nevertheless hope—through intensified training, provision of new equipment, increasing pay and improving living conditions, etc.—to be able to raise the fighting capacity of the Saigon forces enough to take some of the present strain off U.S. military manpower resources.

In this connection it is extremely important to understand that U.S. imperialism's greatest weakness is precisely a shortage of military manpower.** The Vietnam war is showing that the once-widespread hope of being able to substitute technology for manpower in fighting counter-revolutionary wars is an illusion. The United States has about 3.5 million men in the armed services at the present time (the largest military establishment in the world), and of this number at least a fifth are directly or indirectly tied down by a war in one small country many thou-

---

* "Vietnam: Endless War," MR, April 1969. The reasons why the ruling class involved the United States in Vietnam in the first place and now rejects a policy of disengagement were explored in that and earlier editorials and will not be dealt with here. See also "The Prospects of Peace, Foreign and Domestic," May 1968; "Vietnam and the 1968 Election," June 1967; "Why Vietnam?," November 1966; "The Road to Ruin," April 1965; "The Approaching Crisis in Vietnam," January 1964; and "What Every American Should Know about Indo-China," June 1954.

** To say this is not to imply that a shortage of military manpower is the *only* weakness of U.S. imperialism. There are in fact many others. One, for example, is the unbalanced international payments position caused by huge outlays directly and indirectly connected with foreign military operations. Another stems from the lack of any genuine national solidarity at home, which prevents the government from employing the kind of wage, price, and fiscal controls necessary for the conduct of a smoothly working war economy. These and other weaknesses are responsible, along with a shortage of military manpower, for the incidents referred to in the text.

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sand miles away from home. Much of the remainder is spread thin over more than 250 military bases located in some 30 countries all around the globe. Considering the fact that the United States has arrogated to itself the role of world policeman—and Nixon's speech was nothing if not a reassertion of this claim—the present extreme dissipation of military resources brought about by the Vietnam war and the world-wide system of bases leaves a perilously small strategic reserve for deployment to new crisis areas. U.S. failure to react vigorously against North Korea's seizure of the intelligence ship *Pueblo* and shooting down of a spy plane obviously reflects this shortage of military resources, as does the increasing boldness of nationalist regimes in the Third World in encroaching on U.S. investments within their reach. Just in the last year Peru has nationalized properties of Standard Oil of New Jersey and W. R. Grace & Co.; Chile has moved on Anaconda's copper mines; a military coup in Libya has raised the specter of nationalization in what is now the world's third largest oil-exporting country; and Bolivia has seized the properties of Gulf Oil, by far the largest foreign investment in that country. And worse still is to be feared. The long-awaited Rockefeller report on U.S.-Latin American relations sounds an urgent note of alarm:

> Throughout the hemisphere, although people are constantly moving out of poverty and degradation in varying numbers, the gap between the advantaged and the disadvantaged, within nations as well as between nations, is ever sharper and ever more difficult to endure. . . .
>
> All of the American nations are a tempting target for Communist subversion. In fact it is plainly evident that such subversion is a reality today with alarming potential. . . .
>
> Rising frustrations throughout the Western Hemisphere over poverty and political instability have led increasing numbers of people to pick the United States as a scapegoat and to seek out Marxist solutions to their socio-economic problems. At the moment there is only one Castro among the 26 nations of the hemisphere; there can well be more in the future. And a Castro on the mainland, supported militarily and economically by the Communist World, would present the gravest kind of threat to the security of the Western Hemisphere. (*New York Times,* November 10, 1969.)

Nor are external threats the only source of pressure on

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U.S. military manpower. Dissent and disaffection have been growing within the armed forces; and American youth, though still not resisting the draft in significant numbers, is increasingly shunning the Reserve Officers Training Corps (ROTC) which has traditionally been the main source of the all-important junior officer corps.* Clearly, the quality if not yet the quantity of internally available military manpower is declining at the very same time that global military and political developments are raising the U.S. ruling class's need for military strength to new heights.

In these circumstances "Vietnamization" can be seen to be an effort to squeeze more usable military manpower out of South Vietnam. To the extent that this can be done, which remains to be seen, U.S. forces can be released for service elsewhere or returned to the central strategic reserve. The purpose of "Vietnamization" is thus not to make peace but to enhance the capacity of the United States to make war everywhere else in the world.

This whole question of military manpower should receive much more attention from the Left, both here and abroad, than has yet been the case. Earlier capitalist empires, including particularly the British Empire of the nineteenth and early twentieth centuries, were able to control their dependencies and fight their internecine colonial wars without the use of conscript armies from the mother country. This was partly due to the relatively greater importance of naval superiority in earlier times, the weakness of colonial resistance movements and their lack of access to modern weaponry, and the recruitability of essentially mercenary forces among the un- and under-employed in the metropolis and in the precapitalist social structures of the periphery. These conditions began to change at least as early as the First World War which, together with its revolutionary aftermath, gave an enormous impetus to national liberation

* Cutting down on the flow of new recruits to ROTC may well have been the most important anti-imperialist achievement to date of the student movement, though the more militant students on many campuses have tended to denigrate anti-ROTC actions as essentially liberal and pacifist. More attention to theory and its role in guiding practice would help to avoid such miscalculations in the future.

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movements in the periphery. Today all the conditions of the problem have been transformed: for the United States now to try to hold on to its empire without conscription both at home and in the satellite countries would be totally out of the question.

To continue this digression for a moment: The crucial nature of the military manpower problem was recognized by clear-sighted civilian and military representatives of U.S. imperialism during and immediately after the Second World War. They tried hard to take advantage of the war, postwar, and early cold-war climate of opinion to saddle the United States with a permanent system of Universal Military Training (UMT). But the U.S. bourgeoisie as a whole, faithfully represented in this respect by the Congress, preferred for a variety of reasons—political, economic, and personal—to buy the alternative theory of the substitutability of technology (especially airpower and atomic weaponry) for manpower. UMT was rejected and increasing billions were handed over to the military-industrial complex in a vain search for omnipotence through a combination of gadgetry and megatonnage.

Now the chickens are coming home to roost. Vietnam proves the need for manpower, and only the fact that other parts of the empire are for the moment militarily quiescent disguises the potentially fantastic dimensions of this need. At the same time, owing to the growth of the antiwar movement and the rising level of political consciousness at home, it is becoming increasingly difficult for the U.S. ruling class to fill even a part of its military manpower needs at home. Under these circumstances, efforts like "Vietnamization," i.e., the raising and training of hopefully reliable armies in the client and satellite states are certain to move higher and higher on Washington's agenda.

The Left should be aware of this. Military manpower may well turn out to be the Achilles Heel of U.S. imperialism. Everything that contributes to make the problem even more acute should be considered a step in the right direction.

Nixon's speech marks the end of one phase and the opening of another for the antiwar movement. Up to now, the great majority of its adherents have probably genuinely believed that

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sufficiently massive popular protests could cause the government to call a halt and bring the troops back home—after which, presumably, U.S. policy could be expected to be more prudent, avoiding further military entanglements and moving to adopt some of the reforms needed to allay the racial and urban crises at home. Underlying this perspective is the idea that Vietnam was a terrible "mistake" which has to be rectified before the country can return to a happier status quo ante.

That these were and are illusions has been argued, directly and indirectly, many times in these pages. The U.S. ruling class will change its policies when and if it feels its basic interests require it to do so, not because these policies are unpopular. And so far at any rate, as Nixon made abundantly clear on November 3rd, those who are now responsible for formulating and executing its policies feel that its basic interests require it to stay in Vietnam, not to get out.* An understanding of these truths should now spread far and wide throughout the antiwar movement. What are likely to be the results?

At least in the short run, there may well be a considerable number of dropouts and defections among those who had hoped to change the government's policy and now discover that the hope is vain. But much more important are those who will be angered and radicalized by the continuation of the war in the face of popular protests and in spite of the deepening of the country's manifold domestic crises. Here, we hope and believe, are the makings of a mass movement which is not only antiwar but anti-imperialist, which will know not only how to demonstrate against certain policies but how to oppose a system which inevitably generates such policies. In these circumstances it seems clear that a great opportunity beckons to the radical

* We do not want to be interpreted as holding that there are no divisions in the ruling class on Vietnam policy. Quite possibly there are influential figures who favor complete withdrawal on the best face-saving terms the other side will agree to. But one should not *overestimate* their number or importance. Many of those who now criticize Nixon and claim to be against the war do so for purely political reasons, acting in much the same way that Nixon himself did vis-à-vis Johnson. One thing is certain: the dread of the consequences of defeat in Vietnam is universal in the ruling class.

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Left, that still small segment of the population which understands both the nature of imperialism and the role of the United States as its most advanced and dangerous embodiment.

It would be a mistake to imagine, however, that all will be plain sailing. The growth of the radical Left on the scale which now seems possible will of course be seen as a threat by the U.S. ruling class, to be met by the usual methods of demagogy, intimidation, and repression. But the particular situation which gave rise to and stimulated this growth can be expected to confer on the coming radicalism of the 1970s a specially menacing and sinister character in the eyes of the powers that be. For this new radicalism has its roots precisely in opposition to imperialism and war and hence can be expected, even long before it is strong enough to make a bid for power, to obstruct and perhaps even paralyze the war machine. And let there be no mistake: in the final analysis capitalism's way of coping with its internal contradictions as well as its external enemies has always been war. To threaten capitalism's ability to make war is therefore to threaten its very existence.

A brief excursion into history may help to clarify the issues here. Imperial Germany, emerging in the last third of the nineteenth century as the most dynamic imperialist power of the time, contained a potentially explosive mixture of classes and class conflicts. There were the traditional aristocracy, based mainly on the semi-feudal landed estates of the East; the big bourgeoisie rooted in heavy industry in the West; and a rapidly growing industrial proletariat. The interests of these three classes being profoundly antagonistic, the great problem of the Kaiser's Germany was to devise a way to reconcile them sufficiently to keep the society from tearing itself to pieces. The answer was found in militarism and imperialism. The aristocracy got agricultural protection and was assured dominance in a large and growing army. Heavy industry got armament orders and all-out state assistance in its efforts to capture overseas markets and to challenge Britain's naval supremacy. The working class shared in the process of rapid economic expansion and was both intimidated and bought off by a combination of repression and welfare-statism (both initiated by Bismarck well before 1900).

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This system worked for nearly half a century, but at the cost of antagonizing both agricultural Russia and industrial Britain. Domestic contradictions were thus internationalized, with the well-known result that Germany was plunged into a two-front war and military disaster.

The German Revolution of 1918, being confined to the political level, brought no basic changes in the country's class structure: the agrarians, the industrialists, and the workers still confronted each other. Under the Weimar Republic, however, the workers were accorded a share of political power: and this fact, plus the restrictions imposed by the Versailles Treaty, precluded recourse to militarism and imperialist expansion as the traditional ways of reconciling internal class conflicts. For a few years during the 1920s a patchwork of compromises and half-measures kept the system going: foreign loans and technological rationalization for industry, subsidies (*Osthilfe*) and secret rearmament for the aristocracy, political rights and social welfare legislation for the workers. But with the coming of the Great Depression this patchwork of compromises completely collapsed. Weimar Germany came face to face with a profound crisis to which, given its economic structure and its political system, it had absolutely no answer.

There were two conceivable ways out. One was a social revolution which would transform the country's economic and class structure, the other a political counter-revolution which would allow Germany to return to its old ways of "solving" its problems through militarism and imperialist expansion. Unfortunately for Germany and the world there was never any real chance of a social revolution; not only was the working class divided, but neither of its political parties was prepared to lead a serious revolutionary struggle. Under these circumstances Hitler's National Socialism offered itself and was embraced by the propertied classes as the instrument of political counter-revolution. Historically, the deepest meaning of German fascism was that in a condition of stalemate it swept away the *political* obstacles to imperialist Germany's freedom to prepare for and wage war as the "solution" to its internal contradictions. But once again, as before 1914, the "solution" turned out to be

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but the prelude to disaster. Hitler smashed the independent economic and political organizations of the working class and, with the connivance of the British and French bourgeoisies which hoped to use him against the Soviet Union, tore up the Versailles Treaty. Rearmament and prosperity followed. But, as in Imperial Germany, the contradictions, far from being abolished, were merely transferred to the international sphere. Germany's revived and now insatiable imperialist ambitions soon brought her into conflict with a superior coalition and led once again to military defeat and this time the lasting partition of the country.

What the German experience indicates which is so relevant to our problems today is that for an imperialist ruling class the unfettered freedom to make war is absolutely vital to its continued existence. Anything which interferes with that freedom will be considered on a par with a direct threat to the system itself, to be dealt with by the full panoply of counter-revolutionary weapons, up to and including the scrapping of bourgeois democracy and the imposition of a fascist dictatorship.

The new radicalism in the United States is shaping up in a struggle against war and imperialism and will therefore necessarily, and rightly, do whatever it can to weaken U.S. imperialism's capacity to make war. What should be understood is that though it is not (yet) a revolutionary movement with a potential for seizing power, nevertheless it will probably be dealt with as such. And this in turn will both complicate the political tasks of the movement and open up new possibilities to it. It will be necessary to learn to combine *offensive* tactics against the system and its war-making potential with *defensive* tactics against the counter-revolutionary blows which will surely be unleashed.

Can the U.S. Left succeed where its German counterpart failed? No one knows, but one thing does seem sure: success will require a depth of understanding and a degree of political flexibility far greater than were ever shown by the German Left in its times of testing. One way to prepare ourselves is to study the lessons of history and do everything in our power to make them our own.

(November 11, 1969)

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THE DE-NATIONALIZATION OF BRAZILIAN INDUSTRY

BY EDUARDO GALEANO

The old woman bent over and waved her hand to fan the fire. With her hunched back and flabby neck ringed with wrinkles she looked like an ancient black tortoise. But that poor ragged dress certainly did not protect her like a shell, and in fact she was so slow only on account of her years. Behind her, also crooked, her hovel of wood and tin cans; and beyond, other similar hovels in the same suburb of São Paulo; in front of her, in a charcoal-colored pot, the water for coffee was boiling. She raised a little can to her lips; before drinking, she shook her head and closed her eyes. She said: "Brazil is ours."

In the center of the same city and at the same moment, the executive director of Union Carbide thought exactly the same thing, but in another language, as he raised a crystal glass to celebrate the capture of another Brazilian plastics factory by his firm.

One of the two was mistaken.

"Some Are Born Athletes and Some Are Born Cripples"

Already by 1964, the pharmaceutical industry of Brazil was not Brazilian. The domestic laboratories accounted for only a

Eduardo Galeano, a Uruguayan writer and editor, is the author of *Guatemala: Occupied Country,* recently published by MR Press. This article was written after an extensive visit to Brazil. The translation is by Mickey and John Rowntree.

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third of total sales. But according to the Brazilian Pharmaceutical Industry Association, the situation had changed two years later: by 1966, Brazilian laboratories had been reduced to a fifth of total sales. Wyeth, Bristol, Mead Johnson, and Lever had devoured the Brazilian medicine and perfume factories of Fontoura, Laborterápica, Endoquímica, and Gessy; while at the same time a French group had taken over the Silva Araújo-Roussel Laboratory.

Similar processes occurred in almost all sectors of Brazilian industry following the triumph of the coup d'état of April 1964. Fifteen automobile factories or car-parts plants were swallowed up before mid-1968 by large North American or European firms. The Fábrica Nacional de Motores (National Motor Factory), which was state property, also succumbed. In the electrical and electronic equipment sector, three important Brazilian firms fell into Japanese hands. In plastics, North American firms became owners of four factories that had previously been owned by domestic capital. Anaconda began to engage in the production of nonferrous metals. In machinery and metallurgy, five North American corporations and a Japanese group took over six good-sized Brazilian enterprises. The Compania de Mineracão Geral, one of the major metallurgical factories of Brazil, owned by the Jaffet group, was bought at a ruinously low price by a consortium including Bethlehem Steel, Chase Manhattan Bank, and Standard Oil. Two North American firms and a German one took over in the chemical sector. Nor were the "traditional" industries spared, although, naturally, the international corporations were interested above all else in the control of the dynamic sectors of industry; transfers of power also took place in factories making cigarettes, dyes, food, textiles, glass, etc. (For a list of takeovers, see the Appendix beginning on page 28 below.)

One of the few national industrialists who has resisted the invasion declared: "Experience shows that the proceeds of the sale of a domestic enterprise often do not reach Brazil but continue earning interest in the financial market of the buying country." And further: "The foreign groups make their deposits in foreign banks, buy predominantly from other foreign enter-

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prises, contract their insurance with foreign companies, and for investment depend on capital that they have themselves created. In political terms, they exercise a growing influence. It is not necessary to command newspapers or television channels. They control enormous publicity talent and thus succeed, in one way or another, in influencing the vehicles of public opinion formation."*[1] These are the great multinational corporations in action, the "conglomerates" that, in the era of monopoly capitalism, combine industrial, commercial, and financial power. The testimony of this industrialist was among the materials gathered by a special Commission formed by the Brazilian Congress before its doors were closed by the military regime. The Commission investigated the problem and came to the conclusion that in 1968 foreign capital controlled 40 percent of the capital market of Brazil, 62 percent of its foreign trade, 82 percent of the maritime transport, 77 percent of the overseas airlines, 100 percent of motor vehicle production, 100 percent of tire production, more than 80 percent of the pharmaceutical industry, nearly 50 percent of the chemical industry, 59 percent of machine production, 62 percent of auto parts factories, 48 percent of aluminum, and 90 percent of cement. According to the Commission, half the foreign capital comes from the United States; following the North American firms, in order of importance, are German, English, French, and Swiss enterprises.[2] The report, which contains information of great importance, is unfortunately unknown in Brazil. It was about to be published when the Costa e Silva government closed down the Congress. The Minister of Industry and Commerce, called to speak before the Commission, declared himself a partisan of foreign investment and insisted that its penetration into Brazil "was greatly exaggerated," although he acknowledged foreign predominance in petrochemicals, machinery (including foundries and forges), the electrical and chemical industries, the light machinery industry, ship construction, automobiles, glass, pharmaceuticals, perfumes, and caustic soda. The Minister of Labor denounced the transfer to North American hands of the

* Numbered notes appear at the end of the article.

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traditional lumber industry in the Amazon estuary. The Minister of Mines and Energy and the Minister of Foreign Relations concurred in admitting that the measures adopted under the government of Castelo Branco to permit the direct flow of foreign credit to (foreign) firms had put firms based on domestic capital in an inferior position. Both referred in particular to the famous Order 289 of early 1965. Under its sanction, half a hundred important foreign firms were allowed direct access to foreign sources of capital. While Brazilian firms paid up to 48 percent in interest for the credit which they obtained inside their country, the foreign firms obtained loans abroad at 7 or 8 percent.

For many Brazilian firms, this was the decisive step on the road to bankruptcy. Following the prescriptions of the International Monetary Fund, internal credit was severely reduced; and, as a consequence of the fall in the real value of wages, the level of consumption in the internal market also fell. The Brazilian government protected foreign firms to the extreme of guaranteeing them a special rate of exchange for foreign financial payments in case of devaluation. But further, as can be gathered from the report of the Congressional Commission, almost half of the assets of the banks that operate in Brazil belong to foreign capital, and 17 of the 27 investment banks in the country are foreign. Thus availing themselves of their close ties with international financial capital, the foreign firms also received the internal credit denied to many domestic factories. The tide rose and many Brazilian firms were drowned for lack of resources.

The designer of the International Monetary Fund's Brazilian policy and inventor of Order 289, Roberto Campos, explained it in these terms in the same Congressional report:

> Obviously, the world is unequal. There are those that are born intelligent and those that are born stupid. Some are born athletic and some are born crippled. The world is composed of large and small enterprises. Some die early, in the prime of life; others drag on, criminally, in a long useless existence. There is a fundamental basic inequality in human nature, in the condition of things. The credit mechanism is no different. To postulate that domestic firms ought to have the same access as foreign firms to

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foreign credit is simply to be ignorant of the basic realities of economics. . . .

The author of this declaration, Roberto Campos, has been aptly baptized "Bobby Fields" by the Brazilian people.* According to the terms of this brief but pithy "Capitalist Manifesto," the law of the jungle is the code that naturally governs human life; injustice does not exist, since what we understand as injustice is nothing more than the expression of the cruel harmony of the universe. The poor countries are poor because—they are poor. Destiny is written in the stars and we are only born to fulfill it; some condemned to obey, others destined to command.

Hardly accidentally, a short time later this same Roberto Campos made public a curious interpretation of the ascendant nationalism in Peru. According to him, the expropriation of Standard Oil by the government of General Velasco Alvarado is no more than an "exhibition of masculinity," and nationalism has no other object than to satisfy the primitive human need to hate. But, he wrote, "pride does not generate investments, does not increase the stock of capital, does not create rational techniques of organization, and frequently inhibits the growth of productivity."[3] If these are the results of pride, what are the consequences of humiliation? We shall see.

Figures and Methods

The military dictatorship born of the uprising of April 1964 found in Roberto Campos the perfect tsar to deal with the country's economy. The fight against inflation, carried out in accordance with the rules of the International Monetary Fund, served to cloak, like a false flag, a policy of naked surrender of national wealth. In a Latin American history filled with episodes of plunder, this era may perhaps set a new record. Under the government of Castelo Branco an investment guarantee pact was signed that afforded "extraterritoriality" to foreign enterprises, permitted the outflow of their earnings, reduced their income taxes, and promised them extraordinary

* This is a play on words: "campos" = "fields." — Tr.

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credit facilities. The richest iron deposit in the world was given to the Hanna Mining Company, which obtained as well authorization to build a private port (according to a plan developed by Roberto Campos himself, some years earlier, as a "technical advisor" of Hanna). An indemnity was paid to Electric Bond and Share that exceeded by several times the real value of its ancient "nationalized" installations. The state petroleum firm, Petrobrás, was deprived of its monopoly of petrochemicals in favor of Phillips Petroleum and Union Carbide. Real wages were reduced, and credit for domestic industry was severely contracted, thus speeding up the de-nationalization that is the theme of this article.

The "Program of Economic Action of the Government," outlined by Roberto Campos,[4] predicted that, in response to this policy of stimulation and protection of foreign investment, capital would flow in from abroad to give an impulse to the development of Brazil and contribute to its economic and financial stabilization. One hundred million dollars of new direct investment of foreign origin was predicted for 1965. Seventy million came. One hundred twenty million was predicted for 1966. Seventy-four million appeared. And in 1967, new investment totalled $70 million. In this same period, the firms remitted much larger amounts to their home offices in earnings and dividends: in 1965, $102 million; in 1966, $127 million. And in 1967 the outflow of earnings and dividends was almost double the new investment: $130 million fled. To this total must be added the huge sums paid out for management, technical assistance, patents, royalties, use of trade-marks, and import commissions; in 1967 the firms extracted $170 million under these headings.

Meanwhile, the external debt grew until it reached $4 billion; interest and amortization payments also grew, amounting to an outflow of $500 million in 1968. In Brazil, as everywhere in Latin America, the loans received under the terms of the Alliance for Progress required the purchase of goods in the United States (where the most expensive machines in the world are sold) and their transport in ships with North American flags (which charge an extra $10 per ton of freight unless

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insurance is taken out with North American firms). Brazil paid $110 million in 1967 for freight and insurance. And to all these drains the illegal remittances must still be added. In its 1968 report the Central Bank admits that $180 million left Brazil extralegally in 1966 and $120 million in 1967.

Obviously, much more wealth left the country than entered it. Direct new investment in the "key" years of the de-nationalization of industry, 1965, 1966, and 1967, was much lower than in 1961. How, then, was Brazil, the largest industrial park in Latin America, captured without a massive influx of dollars?

The bases for this shift in power had been laid earlier, during the industrial "boom" of Juscelino Kubitschek. When the military took power in 1964, Brazilian investments were already only a small fraction of the total in private industry. But then the de-nationalization was accelerated at a dizzying pace, and the "last of the Mohicans" of the national bourgeoisie fell, one after another, in the smothering embrace of foreign capital. The national entrepreneurs were becoming Brazilian managers of North American or European firms. The last redoubts of local capital were in the "traditional" or "un-dynamic" sectors with lower levels of productivity. The enormous power of foreign capital over the dynamic industries (chemicals, metallurgy, heavy and light machinery, electrical equipment, communications, automobiles), with their higher rates of growth, explains why the ratio of the output of the foreign enterprises to the total industrial production of Brazil is five times greater than the ratio of their capital to the total investments in industry.

The strangulation of domestic private industry was facilitated in several ways. An important part was played by the contraction of internal credit and the high price of money during a period in which real wages fell. This greatly reduced the capacity to consume of an internal market already limited by the rigid class division of Brazilian society. But there are other factors. Celso Furtado says that "the critical point" comes when the management of domestic enterprises, which in Latin America still have a marked familial character, passes to a second

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generation. "It is common," he says, "for the second generation to act only as rentier, which facilitates the transfer of control over management." So, the pioneer work of the independent national entrepreneurs is reduced to a simple "clearing of the land" for the expansion of the North American corporations.

Many of the de-nationalized Brazilian factories depended on the use of trade-marks, patents, or technical assistance from the United States or Europe; these must be paid for in dollars, and the long drought of liquid capital makes it impossible to pay off these debts, which are multiplied by the devaluation of the cruzeiro. Technological dependence is expensive; the "know-how" of the monopolies also includes great practical experience in the art of devouring one's neighbor. There were also numerous cases in which the foreign creditors of loans granted to Brazilian enterprises converted the unpaid debts into investments; they collected, to put it bluntly, by keeping all or a part of the installations and machines of their debtors. The figures of the Central Bank indicate that no less than 20 percent of the new direct investments of foreign origin in 1965, 1966, and 1967 were in fact the conversion of previous loans into industrial investments. One of the testimonies received by the parliamentary commission about price cutting is telling. Deputy Chaves Amarante told the story of the capture of Adesite, a Brazilian adhesive tapes factory, by a North American firm, the powerful Union Carbide. Adesite was a São Paulo enterprise, a "firm of idealistic, enterprising, fighting young men," says the deputy, "that organized a simple workshop and transformed it into a factory of 30 thousand square meters, with an output of nearly 500 million [cruzeiros] a month." Minnesota Mining and Manufacturing Company, makers of the famous Scotch tape, began to sell its adhesive tapes cheaper and cheaper in the Brazilian market. The sales of Adesite began to fall, and the banks denied credit to the firm. Minnesota Mining continued cutting prices, 30 percent, then 40 percent. And then Union Carbide appeared on the scene. It bought the Brazilian factory at a desperation price. Later, Union Carbide and Minnesota Mining agreed to divide the national market into

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two parts: they divided Brazil, half for each. And, by common consent, they raised the price of adhesive tapes 50 percent. The process was complete.

The Antecedents

The massive influx to Brazil of foreign capital for manufacturing became evident in the 1950s, especially during the Metas Plan (1957-1960) implemented by President Juscelino Kubitschek. That was the time of the growth euphoria. Brasilia sprang up in the wilderness where the Indians did not know, or even know about, the wheel; roads were laid out and great dams were created; a new car rolled out of the automobile factories every two minutes. Industry grew rapidly. It was a boom. The doors were thrown open to foreign investment; the dollar invasion was applauded. Brazil looked forward to the conquest of the future—industrialization, progress, dynamism. Banknotes circulated with the ink still fresh; the leap forward was financed through inflation and a heavy external debt, the discharge of which would be the burdensome inheritance of governments to come.

Kubitschek offered many inducements to foreign investment in industry. A special rate of exchange was guaranteed for the remittance of the profits to the head offices of the foreign firms and for the amortization of their investments. The government assumed co-responsibility for the payment of the foreign debts contracted by the firms and agreed also to a cheap dollar for amortization and interest on these debts. According to a report published by ECLA no less than 81.7 percent of the total investments between 1955 and 1962 came from external financing.[5] Thus the massive foreign debt of the Brazilian state grew still further. In addition, special facilities were provided for the import of machinery. Eugenio Gudin, an economist who is very sympathetic to foreign investment, calculated that under this last heading alone Brazil *gave* one billion dollars to these firms. It is important to note that the domestic firms did not enjoy these advantages granted to the foreigners. Moacir Paixão has estimated that the privileges granted to the automobile industry during the period of its establishment came to a sum

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equal to that of the national budget. Paulo Schilling has pointed out that while the Brazilian state granted a flood of benefits to the giant international corporations (Volkswagen, Mercedes Benz, General Motors, Ford) and permitted them to obtain maximum earnings with a minimum investment, they denied support to the National Motor Factory, created in the time of the nationalist *caudillo* Getulio Vargas. (Later, during the government of Castelo Branco, this state enterprise was sold to Alfa Romeo.)

The Janus Faces of Dependent Progress

The de-nationalizing result of this policy of surrender to imperialist capital was revealed when the data were published from the patient investigation made by the Institute of Social Sciences of the University concerning the great corporations of Brazil.[6] According to this study, of the conglomerates with a capital greater than four billion cruzeiros, more than half were foreign and the majority of those North American; above ten billion cruzeiros, there were twelve foreign corporations and only five domestic ones. "The larger the corporation, the greater the likelihood that it will be foreign," concluded Mauricio Vinhas de Queiroz in the analysis of the investigation which he directed. But even more telling was the finding that of the 24 domestic corporations with more than four billion cruzeiros capital, only nine were not tied by stock holdings to capital from the United States or Europe, and two of those nine had interlocking directorates with foreign firms. Frequently it turned out that there was foreign participation in firms controlled by each domestic corporation; and, in many cases, well-known personalities from the most favored domestic corporations appeared on the boards of directors of non-Brazilian firms. Further, the study found ten corporations among those with a capital from one to four billion cruzeiros that enjoyed a virtual monopoly or obvious leadership in their respective fields. Of these, eight were affiliates of giant North American corporations.

Against this background, it can be seen that imperialism no longer appears as an external system of exploitation; or, if you prefer, it goes on being external but no longer operates from

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afar. Now, inside the national boundaries it manages the "national" industries which ought to be its enemy according to the "classical" models of imperialist exploitation. Within Brazil the firms find cheap and abundant labor and internal sources of capital largely controlled by foreign interests that can be used to foster the penetration by the giant corporations. In addition they have available every imaginable inducement. The North American industry located in the Northeast has been granted tax exemptions totaling more than its entire investment; the firms have received official grants of land and reduced electricity rates throughout the country; they have enjoyed the benefits of a dollar four times as cheap as the official rate with which to pay their debts and to carry off the wealth generated by Brazil. Official aid has gone so far as to exempt automobile sales from sales taxes when the producing firms had difficulties.

Until some years ago Latin American industrial development could not only be considered synonymous with progress, but it was also the theoretical, and at times real, expression of nationalism in the face of imperialism. But the present industrial structure of Brazil, Argentina, and to a certain extent Mexico —the three chief industrial centers of Latin America—exhibits the characteristic deformations of a *reflexive* development from the dynamic evolution of the rich countries, which today export factories as well as merchandise and capital. It is, to be sure, not a competitive capitalism that now penetrates and monopolizes everything; it is consolidated industrial integration on an international scale by capitalism in the age of monopolies and the great multinational corporations. More than half of the industrial investment in the United States is in the hands of 100 economic groups. The concentration of North American capital in Latin America is even greater; already in 1950, the 300 most important North American firms accounted for 90 percent of the investments coming from the United States. A small number of all-powerful firms control the domestic manufacturing markets after having finally leaped the remnants of the protectionist tariff and exchange rate barriers once raised against foreign competition. The great speed of the invasion of

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imperialist capital found national industry defenseless and unconscious of its supposed historical role; the guards were the ones that opened the doors. An investigation conducted in 1966 and 1967 revealed that 84 percent of the large industrialists of Brazil thought that the government of Goulart followed a harmful economic policy.[7] Among them are, no doubt, many of the "great captains" of the national bourgeoisie whose support Goulart attempted to enlist in order to defy imperialism. The same study shows that the firms most interested in "Latin American integration" are the foreign ones. They are getting ready to devour the entire Latin American market by means of the Latin American Common Market; the launching platforms already offer reliable bases.

To the foreign firms, nationhood is not a goal to strive for, nor a flag to defend, nor a destiny to conquer; as Luciano Martins has noted, the nation is nothing more than an obstacle to overcome. For these firms, boundaries merely represent impediments. Foreign control of Brazilian industry, or at least of its principal sectors, means the introduction of instruments of a foreign power within the national system. Celso Furtado has noted that, in spite of the expansion of the economic activities of the state in Latin America, the influence of the state in the management of the economy, in open retreat in recent years, is less today than two decades ago. And Luciano Martins shows that "central capitalism" has displaced the domestic decision-making centers by internationalizing its manufacturing investments. Foreign firms begin to play a political role in the countries where they operate and to exercise a great influence over public opinion through the communications media which depend to a great extent on their advertising. Operating within the national markets in the countries of "peripheral capitalism" gives the foreign firms the means of control that constitute the economic ties of dependence. The consumption and production norms that are spread throughout Brazil correspond to the U.S. image of progress and modernization; the real controls over investment and the market are North American. And this is reflected in the sharpening of the structural imbalances of the country.

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The balance of payments is the mirror of these imbalances. Brazil receives financial assistance from the United States of a magnitude that corresponds to its "privileged satellite" character. But in a much larger sense Brazil gives financial aid to the United States: in the first place, because five times more dollars escape under the heading of earnings, dividends, and "royalties" than enter as new direct investments; and in the second place, because if one adds to this systematic blood-letting the payments for interest and amortizations for the loans received, the freight charges and insurance that Brazil pays at usurious rates, and the bountiful illegal remittances, one concludes that 70 percent of the income generated by exports goes in various ways to the service of foreign capital. Brazil worsens her own balance of payments problems by contributing to the solution of the urgent balance of payments problem of the United States, which has sharply intensified because of military spending in Vietnam and throughout the world. In each successive period Brazil has at her disposal less capital to finance her imports; one can see that the growth of her external debt responds to very concrete causes.

But could it be that this industrialization, even though it may be remote-controlled, substitutes national production for the merchandise that previously the country had to import from abroad? Celso Furtado answers by warning that to the extent that Latin America advances in import substitution of more complex products, "the dependence on inputs provided by the metropolis tends to increase. Between 1957 and 1964, the sales of the North American affiliates went from $2.4 to $5 billion, while the inputs imported by these affiliates (not including equipment) grew from $210 to $677 million. This tendency would seem to indicate that *substitutive* efficacy diminishes with the industrial expansion controlled by foreign companies."[8]

Market Failure and Surplus Labor

In truth, from its beginning the industrialization process in Brazil has skirted around the edge of the necessary changes in the economic and social structure in which it was introduced. By its own weight it accentuated the deformations and sharp-

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ened the imbalances. An official report says: "Differing from the industrialization in the now-developed countries, the process of Brazilian industrialization did not proceed by degrees as part of a process of general economic transformation. Rather, it was an intense and rapid phenomenon that was superimposed on the pre-existing economic-social structure, without modifying it as a whole, giving rise to the profound sectional and regional differences which characterize Brazilian society." And it adds: "To expand the internal market and raise the standard of living of the bulk of the population is not a task that, within the governing economic conditions, one can entrust to some isolated process of industrialization."[9]

At its height the Metas Plan of Kubitschek devoted practically no attention to the transformation of the structures of agriculture or cattle-raising, nor did it concern itself with modifying the distribution of income that has made Brazil a country with a few very wealthy people and a great many very poor ones. The *latifundio* continued to grow (three percent of the holdings account for more than half of the occupied land of the country) and so did the *minifundio* (32 percent of the holdings take up only one percent of the land) which accentuated the waste of resources: waste of land and capital through the spread of the great unproductive *haciendas,* and waste of labor through the proliferation of properties of a couple of hectares apiece. The existing structure increases unemployment and underemployment in the countryside and sharpens the chronic problem of low productivity in the rural areas. The perpetuation of the *latifundio* and the *minifundio,* along with other factors, impedes the growth of the internal market to the extent necessary to support a coherent industrial expansion. It has not generated a true "mass market"; in Brazil, 45 million persons have the same total income as 900,000 privileged ones at the other extreme of the social scale.[10]

The invasion by foreign capital, received with such enthusiasm, made even clearer the differences between the "classical model" of industrialization in the now-developed countries and the characteristics of the process in Brazil. These differences are sharpened dramatically by the technological riches

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that the firms brought with them. In effect the problem of the incapacity of the system to supply productive employment to its surplus labor is made much more serious. Differing from what happened in England in the eighteenth century and in the U.S. in the nineteenth, in Brazil the proportion of workers employed in industry *has not increased* in relation to the other sectors of the active population. Imported technology made the productivity of the dynamic industries grow rapidly, but these use the least labor: in 1949, industry employed 7.86 percent of the active population of Brazil; in 1964, it had only grown to 8.26 percent. Thus, as a practical matter, industry today absorbs in relative terms the same quantity of workers that it did before its vigorous growth took place. The proportion of the industrial component in the total income generated by Brazil is the same as in the United States, where industry employs 25.6 percent of the active population. In the Brazilian cities, modern machinery expels the people; in the countryside, the *latifundio* denies them work: as a result, on the one hand, the bureaucracy swells and, on the other, the growing shanty towns absorb, like a bottomless pit, the unemployed and the underemployed.

All economists recognize the importance of demand as the motor and support of a continuous process of industrial development. If the high technological level of foreign investments prevents industry from generating more employment, the assimilation of technical progress by Brazil does not imply a diffusion of its benefits to more than a tiny fraction of Brazilians. To what, then, does the urbanization movement reduce itself? Rural underemployment becomes urban underemployment; available cheap hands flow to the cities in search of jobs that they do not find and wealth that the system promises to all but awards to very few. In Brazil, according to a recent study, "the total number of *new jobs* that ought to be created should average a million and a half *per year* during the next decade."[11] But the *total* number of workers employed by industry in Brazil, which is the most industrialized country in Latin America, is less than two and a half million.

When there is a structural surplus of labor, wages can be low and they can continue to be low even though productivity

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may increase. "Dependent" industrialization sharpens the concentration of income: the wealth that it generates does not radiate throughout the whole society, but consolidates pre-existing privileges and creates new ones. Nor do the workers themselves benefit in direct relation to the rate of industrial growth; the highest strata of the social pyramid gather the fruits, bitter for the many, of the increase in productivity. Between 1955 and 1966, the machine tool, the electrical equipment and communications, and the automotive industries increased their productivity by 128.5 percent, but real wages paid by them grew only 27.8 percent in the period. And note that these are the wages of all personnel: the wages of the workers increased only 6.1 percent in real value in this period.[12] A study of the auto industry reports that the average compensation paid to its 50 thousand workers and employees increased to 130 dollars a month. This is the average which indicates, taking account of the high incomes of the personnel in the highest category, that the level of wages of the mass of the workers is much lower than this figure. The auto industry is wholly in foreign hands; it would be interesting to compare this average compensation paid in Brazil with the average that the same firms pay in the United States or Europe. Especially since the automobiles in Brazil end up, in spite of low labor costs, more expensive than those that the same firms produce in their home bases.[13] The average wage in Guanabara, which is the most privileged state of Brazil, amounts to scarcely $50 a month, according to the Getulio Vargas Foundation.

In the Northeast, the poorest region of the country, in which the average life span scarcely exceeds 30 years, industrial employment fell from 12.6 percent to 8.8 percent between 1955 and 1964. In spite of all the propaganda unleashed to the contrary, the truth is that industrialization has not alleviated the deep regional contradictions from which Brazil suffers. Since investment was originally channeled as a function of the demand that already existed, it did not shake up the poor regions but augmented the wealth of the Southeast of Brazil (São Paulo, Minas Gerais, Rio de Janeiro, Espíritu Santo); the necessary financial resources were also concentrated there. The

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report of the Minister of Planning already cited warns that the invasion of foreign capital sharpened this tendency toward regional concentration of industry and in this way increased the distances that separate the "developed" areas from the "depressed" areas. In 1955, the Northeast (Maranhao, Piauí, Ceará, Rio Grande do Norte, Pernambuco, Paraíba, Alagoas, Sergipe, Bahía) generated 6.58 percent of the national industrial product; in 1964, the proportion had fallen to 5.26 percent.

In his study of the "development of underdevelopment" in Brazil, Andre Gunder Frank observed that, while Brazil is a satellite of the United States, within Brazil the Northeast fills in turn the satellite function to the "internal metropolis" rooted in the Southeast. The polarization has become visible in many ways: 75 percent of the total investment, national and foreign, has been channelled toward São Paulo, and the same happens with public investments; the capital generated by the whole country is appropriated by the South, as if through a vast funnel, via disadvantageous commercial trade, an arbitrary price policy, disadvantageous tax schedules, and the massive appropriation of brains and skilled labor. Within Brazil is thus reproduced the international system of domination from which the country suffers.[14]

Notes

1. Testimony of Fernando Gasparian, *Correio da Manhã,* May 1, 1968.
2. Report of the Parliamentary Commission on Investigations about Transactions between National and Foreign Firms (Chamber of Deputies, Brasilia, September 6, 1968, manuscript).
3. Article by Roberto Campos published in the newspaper *O Globo,* Rio de Janeiro, February 26, 1969.
4. Ministry of Planning and Economic Coordination, "Programa de Acão Econômica do Govêrno," Rio de Janeiro, November 1964.
5. Economic Commission for Latin America (CEPAL) "Quince Años de Política Económica en el Brasil," Santiago de Chile, 1965.
6. *Revista do Instituto de Ciencias Sociais,* Universidade Federal do Rio de Janeiro, Jan.-Dec. 1965.
7. Published by the Instituto de Ciencias Sociais. Luciano Martins, "Industrializacão, Burguesía Nacional e Desenvolvimento," Rio de Janeiro, 1968.
8. Celso Furtado, "Um Projeto para o Brasil," Rio de Janeiro, 1968.

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9. Ministry of Planning and General Coordination, "A Industrializacão Brasileira: Diagnóstico e Perspectivas," Rio de Janeiro, 1969.
10. Furtado, *op cit.*
11. F. S. O'Brien, "The Brazilian Population and Labor Force in 1968," document for internal discussion, Ministry of Planning and General Coordination.
12. Ministry of Planning, "A Industrializacão Brasileira. . . ."
13. "Resultados da Indústria Automobilística," special study, *Conjuntura Econômica,* February, 1969.
14. Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America,* (New York: Monthly Review Press, 1967).

Appendix: Some Examples

The following table lists some of the Brazilian enterprises transferred to foreign capital in recent times. The information was taken for the most part from the report of the Chamber of Deputies of Brazil, September 6, 1968 (see footnote 2).

	Firm Sold	*Purchasing Firm*
AUTOMOBILES AND ACCESSORIES	Vemag S. A.	Volkswagen
	Forjaria S. Bernardo	Volkswagen
	Varan Motor S. A.	Simca-Chrysler
	Willys-Overland (was 53 percent national)	Ford
	Bongotti S. A.	Willys-Ford
	Máquinas S. Francisco S. A.	Willys-Ford
	Demisa (Mines)	Deutz
	Albarus S. A.	Spicer
	Compania Nacional de Equipamentos Elétricos	Bosch
	Wapsa S. A.	A Swiss group
	Terral S. A.	Massey-Ferguson
	Minuano S. A.	Massey-Ferguson
	Saturnia S. A.	Ray-O-Vac
	Mazzam S. A.	Eutectic
	DLR Plásticos do Brasil	Heluma
	Fábrica Nacional de Motores	Alfa Romeo
MACHINERY AND METALLURGY	Cia. Brasileira de Caldeiras (Mines)	A Japanese group

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	Firm Sold	*Purchasing Firm*
	Mapri	A North American group
	Nova Fundacão de Máquinas Piratininga	Willys-Ford
	Metalúrgica Canco	American Can
	SIFCO do Brasil (Jundiaí factory)	American Machine and Foundry
	Cia. de Mineracão Geral (Jaffet)	A North American group
ELECTRICAL AND ELECTRONIC EQUIPMENT	Tamura S. A. (Brazilian electrical materials industry)	Sony
	IRNE (Irmãos Negrini)	Toshiba Tokyo and Shibaura
	Line Material do Brasil	Hitachi
NONFERROUS METALS	Fios Cabos Plásticos do Brasil	Anaconda
	S. A. Marvin	Anaconda
CHEMICAL PRODUCTS	White Martins	Union Carbide
	Hamers	Badische Analin
	Naegli	American Marietta
PLASTICS	Adesite	Union Carbide
	Plastar S. A.	Grace
	Vulcan S. A. (national part)	Union Carbide
	Plavinil S. A.	A North American group
DYES	Tintas Ipiranga	Esso Brasileira de Petróleo
CIGARETTES	Cia. de Cigarros Flórida	Liggett and Myers
FOODSTUFFS	Leite Pulvolac	Nestlé
	Chocolate Gardano	Nestlé
	Flour mills of Ceará, R. Grande do Norte and Recife	Bunge and Born

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	Firm Sold	*Purchasing Firm*
	Carlos de Brito (fish)	Light Group
	Cia. Cervejaría Caracu	Skoll
	Grapete	Anderson and Clayton
Textiles and Clothing	Cotonifício Gáves S. A.	Sudamtex
	Emprêsa Industrial Garcia (S. Catarina)	Light Group
	Ind. Textil Fiacão Maluf Suzano	Suzuki
Construction Materials	Cerâmica Colonia de Jundiaí	Ideal Standard
	Cia. de Cemento Barroso	A Swiss group
Perfumes and Pharmaceuticals	Schering de São Paulo	Schering U.S.A.
	Fontoura	Wyeth
	Laborterápica	Bristol
	Silva Araújo-Roussel	A French group
	Endoquímica	Mead Johnson
	Gessy	Lever
Liquid Gas	Supergás	Gasbrás
Glass	Grupo Paes de Almeida	A French group

Pedro Mineiro is a Rio bricklayer who is buying his own house in Villa Alliance, a housing project built by the Brazilian government with funds supplied by United States aid. Because the Brazilian government thinks Pedro doesn't know what's good for him, they brought him from his shack overlooking beautiful Botofogo Bay to Villa Alliance in handcuffs.

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TOWARD SOCIALIST ECONOMICS: A MANIFESTO

BY THE BAY AREA COLLECTIVE OF SOCIALIST ECONOMISTS

While the manifesto should be of interest to all MR readers, non-economists may be troubled by some of the technical terms used. The following explanations are offered in the hope that they will remove possible stumbling blocks.

Microeconomics (or *micro-theory*) deals with the economic behavior of individual firms and households.

Macroeconomics (or *macro-theory*) deals with the behavior of the larger variables: for example, national income, consumption, production, and investment.

Marginal analysis is the theoretical apparatus used by bourgeois economics in its effort to explain profits and the prices of commodities, labor, and land.

Linear programming is a mathematical method used to calculate the most effective way of combining different variables to achieve a given objective.—The Editors.

1

Bourgeois economic theory today is "purely pragmatic, . . . a technique for the practical consolidation of capitalism."—Ernest Mandel

The corporate ruling class has adopted Keynesian and neo-Keynesian economics as major instruments of national and international economic planning. The corporate owners and managers engage economists on technical studies of the most pressing ruling-class problems. These studies of inflation, unemploy-

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ment, balance of payments, foreign aid, wage/productivity relations, and other subjects are conducted under the auspices of corporate-dominated institutions—Harvard University, Committee for Economic Development, Brookings Institution, Foreign Policy Association, Stanford Research Institute, and other key corporate policy-planning organizations. In turn, these studies become guidelines for federal government economic policy, and set the framework within which debates take place on specific policy issues. The corporate ruling class completely dominates the executive branch of the federal government and thus is in a strategic position to translate the products of its policy planners into executive orders and legislation.

The corporate ruling class has also adopted marginalist economics as an instrument of intra-corporate and microeconomic planning. Neoclassical economics still provides opportunities for esoteric exercises in various branches of mathematics, yet even in this great warehouse of "empty economic boxes" there is a dominant pragmatic tendency. Micro-theory is important in cost-benefit analyses of infrastructure projects required by the corporate ruling class. Micro-theory is used by financial analysts to judge future corporate rates of return by estimating the effects of changes in the output of substitute and complementary products on prices and costs. Micro-theory introduces "efficiency" into federal government departments. Perhaps of greater long-run importance, the corporate ruling class has *adapted* marginalist economics to its immediate operational needs by emphasizing the practical component—linear programming. Thus even in the traditional home of "pure theory" the pragmatists in the service of the corporate ruling class exercise dominant influence.

2

Bourgeois economic theory has a virtual monopoly in the university classrooms, research centers, policy planning institutions, and government.

The vast majority of economists in the United States today accept bourgeois economics as "scientific," and hence de-

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liberately or unintentionally serve corporate ruling-class interests. Conventional macro- and micro-theory are taught as "economic theory," not as "one economic theory." The structure of economics departments, together with the structure of the economics profession itself, militate against critical, radical scholarship. At the level of undergraduate teaching, according to Samuelson, "we have found that there is a danger that even the good student will memorize the formula for multiple bank expansion in terms of reserves and lose sight of the *basic problem of economic stabilization by Federal Reserve policy*. . . . Or he will remember income determination as a matter of algebraic multiplier manipulations instead of thinking about *President Nixon's problem of curbing inflation or Prime Minister Wilson's problem of getting Britain's productivity up*" (emphasis added).

Students who are not concerned with these ruling class problems get low grades; students who are good "problem solvers" are recruited for graduate school, and eventually, if they are extremely bright and motivated, for positions with the large universities, foundations, policy-planning organizations, or the Council of Economic Advisers.

The graduate economics departments place a premium on "rigorous analysis" by compelling the student to master bourgeois theory and quantitative methods. Advancement within the profession is contingent on publication in the professional journals, which demand studies of various ruling-class problems and systematically discriminate against critiques of the modern capitalist mode of production. In these senses, economics departments and the economics profession are totalitarian.

3

The ideological monopoly of bourgeois economics arises from the economic monopoly of the corporate ruling class.

The university helps sustain the hegemony of the corporate ruling class over the population by structuring the personality and minds of students to fit the needs of corporate capitalism.

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The function of the educational system as a whole is to generate that voluntary obedience to the ruling class which constitutes the latter's legitimacy, and to reproduce itself in that function.

Within this empire, there are gradations among the different disciplines with respect to their centrality to core ruling-class interests. For example, the physical sciences, because of their direct role in the production process, are more vital to ruling-class interests than the humanities and social sciences. There are finer gradations within the latter. For example, poetry and literature are ordinarily least vital, anthropology and sociology somewhat more, political science still more, and economics most vital of all.

The other arts and disciplines refer to links in the relationships of production which are auxiliary to ruling-class power. Economics refers to the anchor in the chain of relationships of production—ruling-class power over production itself.

The ruling class can tolerate alternative social forms in secondary spheres such as culture, and even in the political machinery itself. But it cannot tolerate alternatives to its own control over economic production. The flexibility of hegemonic practice is much narrower.

4

The present challenge to bourgeois economics is attributable to the growing irrationality of corporate ruling-class control over production, and to the inability of bourgeois economists to comprehend the basic reasons for this irrationality.

The main irrationalities of production today are: imperialist wars, urban decay and ghetto repression, impoverishment in the Third World, rising social costs of production, growing unmet social needs, increasing volume of waste production and production destined for destructive purposes, the danger of irreversible ecological damage, declining material standards of the international working class, and gross economic imbalances.

Bourgeois economic theory, because it is not really scientific, is not able to comprehend these irrationalities and hence is

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not able to develop policy to eliminate them. Marginalist economics is not scientific because its fundamental categories are individual categories, while production itself is social. Marginalist categories are thus unreal, fantastic, and in fact are being modified in the course of the practical work of microeconomics. Microeconomics has been compelled to tack on "social" categories such as externalities, spill-over effects, and linkage effects by social production itself. Nevertheless, microeconomics is incapable of developing a theory of social production and social needs.

Similarly macroeconomics is unscientific, and economic policy based on its analyses cannot work. The Keynesian concepts of individual "preferences" and "propensities" are weak theoretical pillars for an aggregate theory of economic activity. Macro-theory has failed to develop a theory of the causes of state spending. In its place there is merely a hypothesis concerning the effects of state spending. Therefore macro-theory is unable to evaluate the relations between private and "public" production. Further, Keynesian theory remains reified—for example, it poses the question "*what* causes inflation?" when the real question is "*who* causes inflation?" Thus macro-theory cannot comprehend the totality of relationships of production which lead to inflation. More, Keynesian theory fails to disaggregate the economy, and thus is not able to deal with the question of disproportionalities between economic sectors. For example, disaggregation would demonstrate that compensatory spending leading to an expansion of the corporate sector of the economy causes the decline of small business, and specifically, the further concentration of capital as a result of military spending, urban renewal, and transportation investments. Neo-Keynesianism is in fact the oldest theory of state policy under a new name. Stripped of its modern language, neo-Keynesianism merely says: "We live in a capitalist economy; capitalists decide the rhythm of capital accumulation, what sectors will grow, and at what rate. Capitalists won't invest unless it is profitable to do so, and it isn't profitable to do so unless the government makes it profitable. Thus the government should act in the interests of capi-

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tal." What is forgotten is that the "government" has always acted in the interests of capital.

Why then does the ruling class cling to support of the neo-Keynesian and marginalist mode of analysis? Why is it unable to change its mode of analysis in order to comprehend the irrationality of the system? Because to do so would undermine the ideological basis of corporate rule in this society. To change bourgeois economic analysis would, for example, subvert the concepts of the primacy of profits over use, the primacy of individual atomization and competition over cooperation, the primacy of alienated labor over freedom, or the concept of government as a servant of capital rather than of the people.

5

The central task of revolutionary socialist economists is to transform dissent within economics into a revolutionary ideology.

Dissent within economics which aspires to become a revolutionary ideology must fight and win its battles in economic theory before it can become a real threat to the corporate ruling class. Success or failure on the economic battlefield marks the difference between revolutionary theory and mere cultural protest. It is no accident that the Marxist tradition, which offers the only revolutionary potential, has been first and foremost grounded in political economy. It follows that any attempt to revive, rejuvenate, and reassert Marxism as a revolutionary theory must prove itself on this battlefield.

Thus dissent must fix upon the central contradiction of capitalism, which lies between the forces and the relations of production, *i.e.*, the wage labor/capital relation, and work out the ways this contradiction is presently manifest, where it is displaced to, what forms it takes, and what opportunities it presents for the revolutionary movement. In other words, it is necessary to analyze the revolutionary potential of society in terms of the revolutionary potential of the working class, broadly defined, via the wage labor/capital relationship.

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6

The Collective of Socialist Economists devotes itself to this task, among ourselves, and in our relations with our brothers and sisters in the Union for Radical Political Economics, other groupings of radical economists, and movement activists.

We recognize that in the event that we do not fix upon the central contradiction of capitalism, with the central aim of participating in the socialist revolution in order to abolish class society, we will in fact be blunting class struggle, not advancing it.

We understand our general task is to continue and expand our efforts in the following directions in an organized, coherent way:

(A) Conduct general analyses of the development of capitalist production as a whole—for example, the present economic crises in the Third World and the ghettos within the United States all reflect the general law that the development of one sector of the world capitalist system causes the underdevelopment of other sectors.

(B) Conduct concrete analyses of the specific production relationships—for example, the current fiscal crisis of the state, and the struggle of state employees and clients of the state, is in the last analysis due to the socialization of many costs of production, which heap increasing financial burdens on the state without a corresponding socialization of profits, which keeps the state tax-dependent, *i.e.*, poor.

(C) Conduct general analyses of relations between real production and finance capital—for example, the movement across international borders of foreign exchange by corporate capital disturbs the financial equilibrium of the European and underdeveloped economies, and potentially threatens the basis for real corporate production overseas.

(D) Conduct specifically local and regional studies of tax structure, tax policy, state expenditures, subsidy policy, and so on; and provide speakers and literature on these topics.

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(E) Establish groups within the university to combat corporate ruling-class ideas in the sphere of economics, fight for radical economics courses, help to advance revolutionary teaching, work to abolish the departmentalization of knowledge, and in general struggle against ruling-class ideas at every opportunity.

(F) Construct models which will demonstrate the viability of socialism in a post-imperial America, and which will help the people to gain the knowledge required to control economic life.

(G) Conduct all our work with the aim of arming the revolutionary movement ideologically, thus directly and indirectly advancing agitational and organizational work.

The members of the Bay Area Collective of Socialist Economists who participated in drawing up this manifesto are: Sandor Fuchs, Lenny Goldberg, Marilyn Goldberg, Al Haber, Doug Korty, David Landes, Martin Nicolaus, James O'Connor (Corresponding Secretary, CSE, c/o Department of Economics, San Jose State College, San Jose, California), Allen Shelly, Carol Shelly, and Brad Wiley.

Instead of the conservative motto "A fair day's wage for a fair day's work," they [the working class] ought to inscribe on their banner the revolutionary watchword, "Abolition of the wage system."

—*Karl Marx*

It is idle to attack Imperialism or Militarism as political expedients or policies unless the axe is laid at the economic root of the tree, and the classes for whose interest Imperialism works are shorn of the surplus revenues which seek this outlet.

—*J. A. Hobson, Imperialism*

The history of intellectual progress is written in the lives of infidels. Political rights have been preserved by traitors—the liberty of the mind by heretics.

—*Robert G. Ingersoll*

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EMPIRE AND REVOLUTION

By Bob Fitch

Empire and Revolution by David Horowitz. Random House, New York; $6.95.

The radical student movement of the early 1960s started out with light ideological baggage. SNCC went to Mississippi not with doctrines of revolutionary nationalism or self-defense—these came later. At the time, SNCC leaders claimed to have no ideology at all. The organization simply wanted to give the black people of Mississippi what they wanted. SDS began just as modestly. The urban poor of Newark, black and white, Tom Hayden wrote, ought to have the right to make the decisions which affect their lives. On the campus, leaders like Mario Savio said you didn't have to read Karl Marx to realize that capitalism was immoral. You just had to look at it.

This self-proclaimed ideological ignorance was half Socratic and half sophomoric. Knowing that capitalism is evil doesn't provide a clear idea of how to get rid of it, or what to replace it with. But if the student movement lacked a full-blown theory of capitalist society, it did have a theory of political tactics. It was the theory of direct action. And to its credit the student movement tried to put the theory into practice.

The way to eliminate the evils of capitalist society lay in the streets, not in the stacks. Straight from the gut. Exposing evils

---

Bob Fitch is the co-author of MR Press book, *Ghana: End of an Illusion.*

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where they existed, in front of everyone, not behind the closed doors of Congressional committee rooms where the liberals were operating. Jerry Rubin argued that the war in Vietnam would stop when Mr. and Mrs. America saw their sons and daughters on TV, being beaten up for their protests.

Untactical tactics and non-ideological ideology failed to stop the Vietnam war, racism in Mississippi, or capitalism in general. But because of them, something like a Left began to develop where nothing resembling one had existed for many years.

Now, as a result of both successes and failures, the student Left has begun to load up on ideology. What do you do next when, finally, everyone on campus *agrees* that the Vietnam war is immoral, that the society is racist, and that capitalism stinks?

What do you do when, despite this broad agreement, no one shows up anymore at SDS meetings? When the black students close down the school? And when the workers demand that it be reopened?

Gradually the line between "practical" questions and "theoretical" questions begins to blur. Who makes the revolution? What is black nationalism? Is it revolutionary or reactionary? What should student revolutionaries do to support it or fight it? Finally, such absurdly theoretical questions as "What is the revolution?" or "Is the socialism you want the kind they have in Britain or in Russia?" began to sound less abstract when asked by working-class people themselves.

These are serious questions which desperately need answering. The temptation to respond with pat answers is very great. And so it is quite understandable that many of the anti-ideologists of the early 1960s have become staunch Marxist-Leninists, walking around "with a Stalinist chip on their shoulders." The result is that the SDS of 1969 is the specter which haunted the SDS of 1965. And that the original problems of self-definition and theoretical analysis, more or less successfully sidestepped in the early 1960s, can no longer be ignored in the 1970s. How should we relate to the history and theories of the revolutionary Left? What should we accept? What should we reject?

In his latest book, *Empire and Revolution*, David Horowitz, a senior editor of *Ramparts*, tries to provide us with some of the answers. His approach is openly Marxist—actually Leninist—but far more dialectical than those who simply affirm all the theories and traditions of the Old Left. Undoubtedly it will be denounced by the self-proclaimed upholders of the Temple of Lenin. Hope-

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fully, though, attacks of this sort will fail.

Hopefully, because Horowitz tends to be about four years ahead of the rest of the student movement, and foreshadows its more successful currents in advance. This was the case in *Student: The Political Activities of the Berkeley Students,* perhaps the first book written from a New Left standpoint. And most importantly in *Free World Colossus,* written in 1963, but unpublished until 1965. A radical critique of U.S. foreign policy in the Cold War, *Free World Colossus* was unique in breaking with anti-communism —it placed the blame for the Cold War on the United States— without attempting to turn the Soviet Union into the sole vehicle for mankind's hopes.

Nevertheless, *Free World Colossus,* a Book Find Club choice, was a critique from quite liberal assumptions. Beginning with an epigraph from Elliott Roosevelt, Horowitz argued that the trouble with U.S. foreign policy was insensate anti-communism: an irrational phobia which produced the sterile strategy of containment, finally culminating in U.S. support for reaction everywhere. Horowitz, like many of the more radical McCarthy supporters of 1968, was shocked that "the nation's historic and revered role as a light and hope to oppressed people was being tragically reversed and the new world colossus was taking its place as one of the great and hated oppressor nations."

The Horowitz of *Empire and Revolution* knows his U.S. history better, and is no longer shocked. Elliott Roosevelt is gone, his place taken by Rosa Luxemburg. Nor is it likely that the Book Find Club will offer it to members in 1969.

Within the space of 250 pages, Horowitz covers the fifty years since Lenin died. We have an assessment of the Stalin era; of fifty years in the development of U.S. imperialism; of generally ignored class factors operating in the Cold War between the United States and the Soviet Union. There is even an attempt to discover why capitalism took a fascist path in Germany and Japan. All of these analyses are carried out to test whether the Bolshevik world view is capable of ordering our own political perspective. Is it "merely" a masterpiece to be hung in the museum? Or is it a model to be used in the studio?

As a work of radical synthesis, *Empire and Revolution* is naturally strongest where leftist empirical and analytical work are strongest. Left scholarship and theory have been uniquely strong in the area of the political economy of underdeveloped countries. Consequently it is here that Horowitz's work stands out. He gives

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an excellent summary of the Marxian theoretical explanation of revolution in underdeveloped countries, and shows how this theory, found in Marx's early analyses of precapitalist Germany ("The Theory of Permanent Revolution") was taken over by Lenin and Trotsky. And finally and perhaps most successfully by Mao Tse-tung.

The theory of permanent revolution is actually living theory and not a *post hoc* doctrine designed to justify political work already accomplished. It actually predicts how the various class forces in an underdeveloped country will behave during the various stages of revolutionary struggle. And the theory, effectively applied in underdeveloped countries like China, Russia, Cuba, and Vietnam, has been confirmed in at least the first stage of revolutionary struggle. The old ruling class is defeated. The way is now cleared for the battle for a classless society to begin. In this section, Horowitz supports his exposition of the classics with the contemporary theoretical work of Paul Baran, Joan Robinson, and Andre Gunder Frank, together with recent left monographs describing imperialism's role in specific countries.

The chapters dealing with the political economy of U.S. imperialism also benefit from the relatively strong empirical work carried out by American radicals like Harry Magdoff and William Appleman Williams. In this section, Horowitz goes beyond the analysis of U.S. global anti-communism given in *Free World Colossus*. He shows that U.S. anti-communism, from its inception in 1945, was far from being an insensate, fear-ridden reaction. Anti-communism serves as the political edge of the military-imperial blade: a blade used to keep an unprecedentedly large economic empire in thrall. Thus Horowitz cites the private papers of Joseph M. Jones, former Assistant Secretary of State, who played a major role in the actual drafting of the "Truman Doctrine." The Truman Doctrine, of course, emphasized the political menace emanating from Russia to the Free World. Jones's correspondence shows that what *really* preoccupied U.S. policy makers at that time was the disintegration of their economic empire. In a letter dated only two weeks before he drafted the Truman Doctrine, Jones wrote:

> There are many signs that the world is approaching this year the greatest crisis since the turn in the tide of the war in November 1942. It is primarily an economic crisis centered in Britain and the Empire, France, Greece, and China. . . . If these areas

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are allowed to spiral downwards into economic anarchy, then at best they will drop out of the United States orbit and try an independent nationalistic policy; at most they will swing into the Russian orbit. (Letter to Assistant Secretary of State for Public Affairs William Benton, February 26, 1947.)

Evidence of this type makes the hope that the American intelligentsia has cherished from the days of Adlai Stevenson through the advent of Gene McCarthy seem rather fatuous: the hope that "their" candidate could succeed in dismantling U.S. military bases around the world, develop a "sane" approach to China, and use U.S. economic power to help the underdeveloped world solve its material problems.

Much less successful, in my opinion, is Horowitz's treatment of post-Stalinist Russia, its heritage, and the prospects for socialism within the Soviet Union and Eastern Europe. This time Horowitz is let down by his sources, rather than buoyed up. For the chapters on post-Stalinist Russia, the work of Isaac Deutscher —to whom the book is dedicated—is regarded as authoritative. So much so that other Marxist writings, Herbert Marcuse's for example, are ignored. There is of course no contesting Deutscher's skill as a Marxist biographer and as an interpreter of the Stalinist period. But unlike many anti-Stalinist Marxists, he believed that the barbarous methods used by Stalin pushed a barbarous society closer to socialism. Deutscher argued that the collectivization of the economy had finally won something approaching material well-being for Soviet citizens, and that further material progress would eliminate "the only soil in which its peculiar brand of Byzantine Marxism and ritual terror could flourish."

Girdled by the belief that advanced technology inoculates a society against barbarism (which seems scarcely more plausible than the hippie theory that advanced technology inoculates a society *with* barbarism), Deutscher developed great faith in the inevitable success of Soviet "liberalization." This faith extended to the Soviet sphere of influence in Eastern Europe. Here he felt that Soviet exploitation and domination, whose existence he never denied, were gradually being eroded. It is understandable, of course, that a man of Deutscher's eloquence and moral integrity could carry along many who otherwise would have remained skeptical. But the August 1968 invasion of Czechoslovakia and the semi-official Soviet threats of nuclear destruction made against the People's Republic of China, require that we examine Deutscher's assump-

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tions more carefully—"as if" our lives depended on it.

For Horowitz, the August days did not require any such re-examination of basic premises. "Liberalization" is not dead. The invasion, he says, shows only that "severe limits" exist on its further development. Striking a balance on the twenty years of Soviet domination over Eastern Europe, Horowitz says "it had a positive impact." First of all, he argues, there really wasn't much resistance to the Russians. Or at least not until 1956. Second, the Soviets rid the region of the "anti-democratic elements which had maintained a pro-German or at least an anti-Russian attitude in the war." Finally, Horowitz concludes that by integrating Eastern Europe into the Soviet sphere of influence "the revolution, once again, in spite of Stalin's best efforts and most devious methods, had been compelled to carry itself abroad."

This mode of argument cannot help but remind a student of modern African history of similar arguments used to justify the British conquest of West Africa. Only a few tribes, we are told, put up determined resistance. The old ruling classes, the chiefs and their retainers, were surely unfit: they kept slaves and practiced human sacrifice. And the British District Officers, "however we may sometimes deplore their methods," brought with them quinine, capitalism and the Queen's Justice. Clearly revolutionary in the historical context.

Obviously followers of Lenin, who must place a high value on national self-determination, should leave such rationalizations to the followers of Lord Lugard. But ignoring the question of national self-determination for the sake of brevity, what factual evidence does Horowitz produce to show that under Soviet guidance the peoples of Eastern Europe actually benefited? Unfortunately, we find here an uncharacteristic lapse. Whereas elsewhere Horowitz's facts behave like well-greased ball-bearings, guiding a heavy weight of generalization to a successful conclusion, in the sections dealing with the Soviet role in Eastern Europe, the ball-bearings are not merely rusty. They are simply not there.

Horowitz allows for the effects of Soviet "reparations" after the Second World War. But he writes that, despite this, economic growth in Eastern Europe was "nonetheless impressive in terms of the social and political impasse of the prewar period throughout most of this region, and also by absolute contrast with comparable areas in the Western sphere, such as Spain, Portugal, and Greece."

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This is hardly self-evident. It requires documentation, or at least reference to documentation. But of these we have none.

This is an especially serious omission. Because it is precisely this "fact" of post-1948 material progress that the Czech liberals disputed. Ota Sik, former senior economic administrator in the Dubcek regime, argued that the growth of the Czech economy in the postwar period was pathological—it was achieved, he said, at the expense of Czech light and consumer goods industries which were once fully competitive with those of the West—and that the result of this growth today is a crippled industrial structure, incapable of further growth even in its own irrational terms, unresponsive to the most elementary consumer needs of working people, and increasingly unable to meet the competition of the capitalist countries—competition which is a life-and-death affair for a small country like Czechoslovakia.* It appears that only the industries that service Soviet industrial needs are relatively adequate to discharge their function. Is this a coincidence? Perhaps. But it would seem less so when one remembers that the Communist economists who predicted this result in the period of which Horowitz speaks were silenced by prison terms.

It is not surprising, therefore, that those Marxist economists most capable of analyzing the impact of Soviet influence in Eastern Europe have been reluctant to come forward with the results of their research. Even Ota Sik never criticizes the Soviet Union directly. The fateful and horrendous decisions to reshape the Czech industrial structure after 1948 came about, says this life-long Communist Party member, because of insufficient economic training on the part of responsible officials.

As a result of all this, we know very little about the political economy of COMECON; about why advanced countries like Czechoslovakia undergo severe economic stagnation; or about why a relatively backward country like Rumania finds its economic relations with the Soviet Union so unprofitable that it is willing to run large political risks to sever them. More fundamentally, we don't know the essential nature of the institutions in question. Are we talking about liberalizing a Socialist Commonwealth? Or a Soviet Empire? Until more evidence is gathered on these very basic questions, one man's view of the liberalization process is likely to be as valid as any other's. And it would be better to ad-

* Ota Sik, *Fakten der Tschechoslowakischen Wirtschaft*, (Vienna: Fritz Molden, 1969). See especially pp. 33-51.

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mit this than to speak as Horowitz does of the "inevitability" of liberalization.

The shortcomings of Horowitz's treatment of post-Stalinist Russia and Soviet-American relations should not be overemphasized, however. These topics formed the core of *Free World Colossus,* but not of *Empire and Revolution.* The latter's greater insight into U.S. imperialism makes it a considerable advance over the earlier work.

Empire and Revolution is unquestionably the best concise account of the histories and theories of the revolutionary Left since Lenin's death. It will undoubtedly assist in the work of self-clarification and self-development that the student Left needs to carry out if it is now to "serve the people."

STUDENTS AND REVOLUTION

By Richard Morrock

The Conflict of Generations: The Character and Significance of Student Movements by Lewis S. Feuer. New York and London: Basic Books, 1969; $12.50.

Reading Lewis Feuer's "psycho-historical" study of student movements brought to mind a lecture I once attended at Columbia, delivered by a practicing psychiatrist and entitled "Hidden Aggression in American Life." Expecting to hear American society taken to task for its violence, sadism, and brutality, the students were instead treated to an explanation of why all those who condemned Lyndon Johnson for his war in Vietnam were really rebelling against a "father-image," and indulging in inexcusable immaturity. This was too much for one student who stormed out of the room, snorting, "Anyone who goes to you oughta have his head examined!"

To be sure, Lewis Feuer does not go quite as far as the

Richard Morrock is a frequent contributor to MONTHLY REVIEW.

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good doctor who came out the loser in that exchange of wit. He specifically denies any intention of interpreting student rebellions in accordance with a preconceived theory of "Oedipal determinism." As he concludes his work, he somewhat wistfully remarks that "the philosophical truth is that no generation has a privileged access to reality.... Each generation will have to learn to look at itself with the same sincerity it demands of the other." (p. 530) But, as we shall see, one of Feuer's hang-ups is his apparent unwillingness to hearken to his own fatherly advice.

Feuer's subject matter comprises the student movements of Europe and the United States in the nineteenth century, and those of Europe, Asia, Latin America, and the United States during the twentieth century. He concludes with a highly subjective account of the 1964 Berkeley uprising, and a brief, biased blast against the Columbia rebels of 1968. He takes care to apply his generalizations to student movements of a political nature—not to fraternities or other non-political student groups, or to social movements which are not based on campus.

Feuer's thesis is that student movements are, at bottom, motivated by generational conflict. Students rebel against their fathers when the latter have become "de-authoritized"—that is, when an obvious gap exists between the ideals which the fathers preach and the deeds they do. He states: "In a world where the fathers have been de-authoritized, the sons step forward as the self-anointed bearers of authority. People then pay tribute to the students as the only group in society who can speak their minds honestly." (p. 19)

The initial activities of a student movement take on the form of symbolic patricide, according to Feuer, in which the rebellious students act out their hatred of their fathers by fighting against, and sometimes even assassinating, persons in authority. This, naturally, brings about terrible guilt feelings which the students must assuage. They do this by engaging in a "back to the people" movement:

> The people, the proletariat, the peasantry, become a kind of projective alternative conscience which supersedes the fathers. Moreover, they are a source of untold physical strength still untapped, and they give to the young student intellectuals a feeling of being close to the physical sources of life. The students by themselves feel too weak to alter the structure of a society run by the older generation. (p. 38)

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But the people to whom the students turn invariably reject this unrequested assistance. Whereas the students are anxious to overthrow society, the labor, peasant, and civil-rights movements which they seek to use as "carriers" are only concerned with specific and immediate goals. The introduction of generation conflict into these struggles, according to Feuer, is only self-defeating. Consequently, the students find themselves frustrated—unable to change society by their own unassisted efforts, and unable to acquire allies among the general population. Feuer believes that the American student movement experienced this frustration after it was told by the black leadership of SNCC to organize within the white communities. He predicts: "When he is rejected by his hoped-for lowly class allies, the New Leftist turns either to individual violence or individual withdrawal; the terrorist and the hippie are the commingling alternatives within the next stage of the New Left." (p. 407)

One cannot deny that there is a certain amount of truth in *The Conflict of Generations*. Some student rebels do appear to be motivated more by a desire to shock their elders than by a hope of changing society; likewise, some of their harshest critics seem to be driven by the need to atone for the "sins" they committed when they were student radicals, rather than by their professed concern for academic freedom and civil liberties. Feuer is also right when he points out that in the absence of any positive response from the masses, student revolutionaries are likely to adopt terrorist tactics or (in the United States, particularly) drift off into "counter-communities." But his analysis suffers from a number of crucial shortcomings, both in its overall treatment of student movements throughout history, and—especially—in its coverage of the American student movement during the past decade. In fact, as Feuer gets closer to his own time and place, the relatively dispassionate expositions gradually give way to heated polemics, until the tone of the book starts to resemble that of an editorial in a small-town newspaper.

The greatest weakness in Feuer's "psycho-historical" approach is his failure to emphasize the social causes of the phenomenon he calls "de-authoritization." This is most obvious in the discussion of the Berkeley uprising, where Feuer gives the impression that had it not been for the diabolical Mario Savio and his corps of "nonstudent" outside agitators, nothing out of the ordinary ever would have happened. Feuer is aware that the trouble at Berkeley

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began shortly after the Republicans nominated Barry Goldwater at their San Francisco convention. He must know that the Berkeley students in 1964 were the so-called "war babies," whose fathers had fought fascism in an epic struggle. Certainly, he cannot be oblivious to the fact that Goldwater appeared to stand for the very things that the Second World War was fought to stop. Yet he leads the reader to think that any connection between the student rebellion and the national political situation was purely coincidental.

Not that Feuer is complacent about the menace of fascism; far from it. He merely thinks that the fascist threat stems primarily from Mario Savio. He describes an incident where, after a large meeting of students and faculty had been adjourned in a Berkeley auditorium, Savio stepped up to the vacated microphone to announce another meeting, only to be pulled away by a campus cop. Feuer states: "The seizure of the microphone at a meeting organized and conducted by a faculty group was a reversion to the tactics of Nazi and fascist students in Europe thirty years before." (p. 453) Fifteen pages later, however, Feuer is beside himself with indignation as he describes the "generational misconception of social reality" which led one Berkeley student to equate his university's chancellor with Adolf Hitler.

A second major weakness of Feuer's analysis is his habit of lumping together student movements with vastly different origins and ideologies. For example, the German student movement of the early nineteenth century came to life in a militarist Prussia which had just suffered a humiliating defeat at the hands of Napoleonic France. This movement was violently nationalistic, militaristic, and anti-Semitic; its members fought against the presence of Jewish professors at German universities. The Russian student movement of the late nineteenth century began in an autocratic society which was beginning to react to the introduction of new ideas from the West. This student movement opposed Tsarist absolutism; its members carried out assassinations of high officials, including the Tsar himself. Feuer considers both the revolutionary activities of the Russian students and the racist actions of the Germans to be merely different forms of acting out the Oedipus complex; he fails to make any moral distinction between those who persecute the innocent and those who punish the guilty. The German students, he quotes his favorite sage as remarking, were "the grandfathers of the Nazis." (p. 68) His judgment of the Russian student move-

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ment is equally harsh. Had it not been for "the sick self-destructive students," the liberals might have been able to make a democracy out of Tsarist Russia. Unfortunately, the Russian student movement "may have corrupted and sickened even further the already corrupt and sick Russian society." (pp. 161-162)

Feuer's third major error is his generally pessimistic prognosis for student movements. He assumes that they will inevitably be rejected when they search for allies among the "lowly." Here the value of his analysis is limited by his failure to give adequate space to the Cuban Revolution. Not only were many of the leaders of the July 26th Movement radicalized by their experiences in the student movement at the University of Havana, but while Castro was fighting Batista in the Sierra Maestra, another guerrilla band, led by student radicals belonging to the Revolutionary Directorate, was carrying on an armed struggle in the Escambray mountains. Similarly, the Chinese Communist Party grew out of the anti-imperialist Chinese student movement and continued to draw support from the universities during its long rise to power. Feuer recognizes this fact, but prefers to see it as a minor deviation from his role.

Of course, not every student rebellion ends up with the collapse of the armed forces, the panic-stricken flight of the ruling class into exile, and the seizure of power by the masses. As we have seen recently in countries like France, Pakistan, Northern Ireland, and the United States, the students and their allies are sometimes successful in bringing about the resignation of one unpopular government only to see it replaced with another of an equally reactionary nature. And at other times, as in Mexico, West Germany, and Poland, student movements have been halted in their tracks by the authorities without having been able to overthrow the regime.

The extent to which students can succeed in changing society depends largely upon their ability to join forces with the working class. Where workers remain neutral or hostile, the students will probably accomplish little except to force a few changes within their own universities. Where the workers join with the students, however, their combined efforts can cause seemingly secure governments to fall. And where the revolutionary leadership developed by the student movement abandons its original constituency on the campus in favor of a much broader constituency among the

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workers and peasants, socialist revolution becomes a distinct possibility.

The trouble with Feuer is that, despite his disclaimer, he insists on seeing every student rebellion as a self-contained Greek tragedy in which the principal characters are motivated by their inner psychological drives rather than by the objective conditions with which they are faced, or by the dialectics of the situation. Judging from his analysis, it is only a matter of time before the flames of generational conflict burn themselves out and our campuses return to normal. What about the black and Hispanic liberation movements? They can obtain their limited goals through reformist struggles. What about the war in Vietnam? We have no right to question the wisdom of our duly-elected government on that issue! What about political repression? Why, there's no such thing! And besides, it's necessary in order to control the Communist conspiracy.

There is a great deal of interesting factual information in *The Conflict of Generations,* but, alas, Dr. Feuer has allowed his partisanship for the status quo to turn what might have been a definitive work on student movements into what is essentially a piece of ruling-class propaganda. Perhaps one of the greatest merits of this volume is the portrayal it provides of the very sort of mentality that students all over the world are rebelling against.

Those Who Take the Meat From the Table

Teach contentment.
Those for whom the taxes are destined
Demand sacrifice.
Those who eat their fill speak to the hungry
Of wonderful times to come.
Those who lead the country into the abyss
Call ruling too difficult
For ordinary men.

—*Bertolt Brecht*

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CORRESPONDENCE

A REVOLUTIONARY LUMPENPROLETARIAT?

I have no quarrel with most of what Peter Worsley says about Frantz Fanon (MR, May 1969); indeed, I am pleased when writing of this kind comes from one of my fellow anthropologists.

A bit more needs to be said, however, about the conditions and consciousness of the urban un- and under-employed in the poorer part of the capitalist world. The political consequences of the rapid growth of this social category assume undeniable urgency both for learned disputation and political action. Along with Fanon, who sought to make revolution, men like MIT's Lucian Pye, who seek to thwart it, understand the significance of this matter. As Pye puts it:

> Urbanization is . . . a profoundly disruptive process. . . . In the psychological sphere the rapid transition from the compact and intimate world of the village to the highly impersonal and anonymous world of the city can leave people with deep personal insecurities. Thus in a multitude of ways rapid urbanization can cause social, economic and psychological tensions which, translated into the political realm, become sources of instability and obstacles to rapid nation building.*

We can reject Pye's pop Freudianism, his neglect of the

* Lucian Pye, "The Political Implications of Urbanization and the Development Process," U.S. Papers Prepared for the U.N. Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas, Vol. VII, p. 84.

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material conditions of life, and his counter-insurgent jargon ("nation building"=stabilized neo-colonialism). Nevertheless, he shares Fanon's view of the potential of the urban non-working class for insurrection and revolution.

Now it is certainly healthy that Fanon, along with many others, has shown us, in Worsley's words, that "the relevant strategy is itself a function of the social structure," that no dogmatism is acceptable about who can become revolutionary and who cannot. Indeed, Algeria and, increasingly, the United States have shown us that sometimes at least the urban non-working poor can make a major political difference.

However, it may literally be a matter of life and death if the case is overstated. In Latin America, for instance, where I have some experience,* there are grounds for caution, if not pessimism, about the political potential of the urban "non-working class," for the following reasons:

(1) While their large numbers and common physical surroundings and life-styles might be viewed as producing a sense of common interests, in fact most rural-urban migrants note an improvement in their conditions as they move from rural to urban society. The polarization of most neo-colonial economies and the concentration of welfare functions in the cities account for this improvement.

(2) Urban squatting, the seizure of unoccupied land for self-built housing, provides a means by which the poor can obtain housing at low or no cost to the upper class. Usually they seize government land unsuitable for development, and build either with waste materials or materials purchased from dealers who thus have an obvious interest in promoting and protecting the squatting process. Squatter settlements provide their residents with a legal or semi-legal piece of property, a rent-free residence and/or place of business, and a realizable capital asset. None of this is calculated to produce revolutionary consciousness; indeed, the only issue which seems to mobilize large numbers of squatters is a threat to their land tenure (urban renewal, "eradication" programs, etc.) when the squatters exist in numbers large enough to provide a credible threat of resistance.

(3) Worsley's generalizations about the "non-respectability, insecurity, and instability" of the urban non-working group are

* Cf. my dissertation, *Planned and Spontaneous Urban Settlement in Brasilia.* Columbia University, 1969.

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overdrawn. At least in Latin America, there is a good deal of evidence that most urban immigrants manage to make a reasonable adjustment to their new conditions, and generally display a higher degree of social and cultural stability than is apparent from a middle-class perspective. Squatters engage in complex economic, religious, and political institutions and manipulations—in Brazil, political patronage networks, Afro-Brazilian and evangelical Protestant religious groups, samba schools, and residents' associations; in Peru, especially, clubs for people from a given province, etc. There can be no denying, of course, the absolute and relative deprivation these people suffer compared to the urban upper and middle classes, the disease, malnutrition, illiteracy and low social esteem that are imposed upon them; but their situation is not so bleak as it is sometimes painted.

(4) The urban un- and under-employed have often supported fundamentally conservative populist figures such as Odría in Peru and Rojas Pinilla in Colombia, or else have been integrated into clientelist patronage politics, as in Brazil.

It is possible, in spite of these considerations, that individuals or even a majority of these people can be won over to a revolutionary position. Racial or other forms of discrimination, in particular, may aid in the formation of a consciousness of oppression. And if a socialist revolution were to take power, there is little doubt that it would be popular among this group. However, at least in Latin America there is some doubt as to the relative importance of the urban un- and under-employed in the strategic calculations of revolutionaries.

*David G. Epstein**

July 1969

* The author is Assistant Professor of Anthropology at the University of California, Los Angeles.

The humanism of the West in its own eyes is love of humanity, but for the rest of mankind it is nothing but the habits and institutions of one group of men, their password, and sometimes their war cry.

—*Maurice Merleau-Ponty*

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WORLD EVENTS

By Scott Nearing

Strange Sisterhood

After years of factional controversy, furious denunciation, savage recrimination, the virtual severance of diplomatic relations, the mobilization of massive armed forces along mutual frontiers and repeated border raids and counter-raids involving loss of life on both sides, representatives of the two largest "sister socialist republics"—the Soviet Union and People's China —are meeting in Peking.

Newspapers on October 8, 1969 printed the text of an official Chinese statement in which the decision to meet and negotiate was announced:

> The Chinese Government has consistently stood for a peaceful settlement of the Sino-Soviet boundary question through negotiations. On May 24, 1969 the Chinese Government issued a statement in which it reiterated this stand. . . .
>
> It is regrettable that at the time this stand of the Chinese Government did not meet with a due response from the Soviet Government. The Soviet Government issued a statement on June 13, 1969 defending Tsarist Russian imperialism and wilfully slandering China and continued to carry out ceaseless armed provocations along the entire Sino-Soviet border.
>
> Nevertheless the Chinese Government, proceeding from its consistent stand for the settlement of issues between China and the Soviet Union through peaceful negotiations still sent its delegation to Poli (Khabarovsk) to hold with the Soviet side the 15th regular meeting of the Sino-Soviet Joint Commission for Boundary River Navigation as from June 18. . . .
>
> On September 11, 1969 Premier Chou En-lai met Kosygin, Chairman of the Council of Ministers of the Union of Socialist Soviet Republics in Peking and had an exchange of views with him on the boundary question, trade, and other questions in the relations between the two countries.

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The Chinese statement included this bellicose note:

> The Chinese Government has never covered up the fact that there exist irreconcilable differences of principle between China and the Soviet Union, and that the struggle of principle between them will continue for a long period of time. But this should not prevent China and the Soviet Union from maintaining normal state relations on the basis of the five principles of peaceful coexistence. (*New York Times,* October 8, 1969)

On September 18, 1969 the Chinese Government delivered an official letter to the Soviet Government proposing that border tensions between the two countries be relaxed, that both sides agree to refrain from border incidents and preserve the status quo during negotiations.

On October 19 TASS, the official Soviet news agency announced the arrival in Peking of the Soviet delegation, headed by the first deputy foreign minister. At the same time TASS distributed excerpts from an article scheduled to appear in an early issue of the Soviet Communist Party journal *Kommunist.* The article written by Michael A. Suslov, Politburo ideologist, contained a sharp rebuke to the Chinese Communist Party leaders. Communists all over the world, Mr. Suslov wrote, "are profoundly angered and alarmed by the adventurist, chauvinistic policy of the present party leaders who have broken with Marxism-Leninism and the principles of proletarian internationalism and are trying to split the world communist movement."

China's official statement and Mr. Suslov's semi-official answer clear the air in preparation for the scheduled negotiations of the border disputes. The negotiations are not designed to go beyond the problem of semi-official border warfare. The dispute between the Chinese and Soviet Communist parties on communist theory and communist strategy will continue. At the same time the two parties will carry on their struggle for leadership of the world Communist movement.

For the two titular leaders of the socialist sector of the planet it is still a far cry to the day when sister socialist republics can lower their frontier barriers and begin the planet-wide era of socialist cooperation predicted by socialist pioneers.

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The Present-Day Arms Race

Sino-Soviet altercations, accusations, denunciations, and border fighting are ominous. Israeli-Arab feuding and fighting are even more disturbing. But they are both sideshows by comparison with the military buildup in which the United States and the Soviet Union are engaged.

In "World Events" for November 1969, I referred to three tables in the 1968 United States *Statistical Abstract* which listed military expenditure, personnel under arms and military shipping of the "big" powers. Since that piece was written, government reports, magazine comment, and several books have come to hand which elaborate on the *Statistical Abstract* tables.

Scientific American for October 1969 devoted its lead article to "The Cost of World Armaments." The article is based on a report of the United States Arms Control and Disarmament Agency covering armament expenditures in 120 countries. The report is based on the latest available figures (1967).

With a Gross National Product estimated at $2,311 billion (U.S.), 120 countries were spending $160 billion or 7 percent of their Gross National Product for armament during 1967. If the countries are divided into 93 less developed and 27 more developed, the 93 less developed countries, with 72 percent of the earth's population, spent only 11 percent of the total devoted to armament. In these 93 less developed countries the per capita average of military spending was $8.

Arms spending in the 27 more developed countries contrasts sharply with that of the less developed. With 28 percent of the earth's population, the more developed countries spent 89 percent of the total military outlay, a per capita of $170 or twenty-one times the per capita arms expenditure in the less developed countries.

On the face of these returns, military spending seems to vary directly with wealth. The "have-not" countries spend less and the "have" countries spend more.

In my book *War* published in 1931, I pointed out that major modern wars are fought between "big" powers. In other words, it is the centers of wealth and power (the centers of Western Civilization) which are well supplied with the latest

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weapons and which are the chief war-makers. The "have-not" peoples possess neither the wealth nor the equipment necessary to carry on modern warfare. It is the more civilized nations, in the Western sense, which are the chief war-makers.

Incidentally, it is the 27 developed countries with 28 percent of the earth's population which are chiefly responsible for the rapid advance in military spending (the arms race) of 1964-1967. These countries account for 89 percent of the current military spending. They are also responsible for nine-tenths of the increase in military spending between 1964 and 1967.

Most of the developed countries are members of the North Atlantic Treaty Organization or the Warsaw Pact. The NATO nations increased their military spending by 35 percent from 1964 to 1967. The Warsaw Pact countries increased their spending by 29 percent.

Military spending by the United States, which heads NATO, and the Soviet Union, which heads the Warsaw Pact, accounts for about three-quarters of the planetary total. The increase in military spending from 1964 to 1967 was $44 billion. Of this total the United States and the Soviet Union were responsible for $35 billion, or three-quarters of the total. From 1964 to 1967 military spending in the more developed countries has risen twice as rapidly as their Gross National Product.

Arms spending is not a cause of war, although well-equipped war machines, staffed by professional destroyers and killers, look to military combat as a means of testing new military devices and demonstrating military (and political) superiority. Arms production is an index of the direction in which a community is moving.

The late Professor C. Wright Mills of Columbia University titled one of his books *The Causes of World War III*. The thesis of the book: like causes produce like effects. Causes operating before 1914 resulted in the War of 1914-1918. Similar causes operating from 1919 to 1939 resulted in the War of 1939-1945. The same causes, operating today, will probably result in a third general military conflict.

Arms build-up preceded the War of 1914-1918. A similar arms race developed in the 1930s, before the War of 1939-1945.

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The policy of arms build-up in the 1960s, concentrated in the "big" powers, must be based on the assumption that a third general war is in the offing.

If the "big" powers follow the precedents set during the last half-century, the present-day power politics confrontation will lead to a third period of general and intensive military combat, during which no holds will be barred and all available means of weakening or destroying "the enemy" will be used.

Piping for Peace

On June 21, 1969, 1102 delegates from 101 countries met in the capital of the German Democratic Republic (East Germany). After four days of deliberation this World Assembly for Peace issued an Appeal based on the work of five commissions and on discussions in the general meetings of the Assembly.

"We agree unanimously on the need to coordinate the actions of all peace-loving and anti-imperialist forces," the Appeal stated. "We affirm our determination to ensure to all peoples in every part of the world a secure and peaceful life safeguarding human rights and social progress and based on equality, self-determination, and national sovereignty."

The appeal cited examples of warlike conduct: "The United States continues aggression in Vietnam"; "Israel refuses to withdraw from the occupied areas"; "The national rights of the Palestine people are not respected"; "Colonialism, neo-colonialism, neo-fascism and racism have not yet been overcome"; "The problem of collective security in Europe remains unsolved"; "The arms race continues." In this brief listing are all of the forces required to begin another general war.

As a means of meeting these threats to peace and human well-being the Appeal calls for mass actions by peace fighters. "We urgently appeal to the people of every land, . . . to struggle against every form of aggression and oppression."

The Appeal concludes: "We declare to the world, from this great Assembly, that a lasting peace is possible. . . . We make this declaration because we believe in humanity and the sacredness of all human life."

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Such generalizations are often made and are widely accepted and approved. They have been embodied in the public statements issued by the Hague Conferences, in the League of Nations Covenant, in the Kellogg-Briand Treaty renouncing war as an instrument of policy, in the United Nations Charter. They have become threadbare from repetition, yet, as the Assembly Appeal recognizes, the war forces are in the saddle and war preparations and war itself continue as a daily routine.

How could it be otherwise?

"He who pays the piper calls the tune." During the next twelve months the war-making agencies of the planet, manned by at least 20 million trained war-makers, will be spending more than $160 billion in war preparations and military operations.

How many trained workers for peace are there on the planet? How much small change will they be able to collect and spend in the next twelve months? No tally has been made but war activists' resources and expenditures are to peace activists' expenditures and resources as elephants are to mice.

Before war can end and peace can reign there must be a complete alteration in the balance of forces. War continues because the war-makers have the trained personnel, the organizations, the channels of communication, and the money bags on their side. Before mankind can hope for peace, the trained personnel, the organizations, the means of communication and the money must be taken out of the hands of war-makers and put in the hands of peace-makers.

Who will do this? The people of a war-weary world.

How will it be done? By scrapping the existing competitive, acquisitive, social pattern and putting in its place a cooperative, planned system of sharing based on the principle: to each according to his need.

This is strong medicine, prescribed for a desperate emergency. Given the present array of war forces and peace forces on the planet, anything short of a revolutionary program is piping for peace on a cracked flute.

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(*Continued from inside front cover*)
on to the students. This policy hardly seems to me to be in the MR tradition." Fair enough. The problem here is really one of paper work and bookkeeping. We can't open new accounts for single orders, and it was this that led us to suggest using the bookstores. But there is a way around this: we will gladly accept bundle orders at the 20 percent discount from individuals provided these are accompanied by cash. In this way the saving can be passed on to students without overloading our bookkeeping department.

MR Press has published translations of a number of books originating with the French house of François Maspero, just as Maspero has published French translations of MR Press books. We therefore feel that we have a personal as well as a political interest in "l'affaire Maspero" which is becoming something of a *cause célèbre* in France. The substance of the affair, apart from confusing legal technicalities, is that Maspero has been sentenced to jail and heavily fined for publishing in Paris an abbreviation of the Cuban journal *Tricontinental*, which of course circulates freely in this country as well as in all the bourgeois democracies of Europe except France. A defense committee has been formed and has collected an enormous number of signatures to a petition which states, among other things, that the case "puts in peril the very existence of a publishing house which, in all circumstances, has given proof of its independence and of the importance of its role in the struggle for culture and freedom of information." The case is now on appeal. Protests urging the dropping of the prosecution and quashing of the sentence against M. Maspero should be sent to the French Embassy in Washington with copies to Pierre Jalée, Comité de Défense de la Revue Tricontinental, 4 rue Mayet, Paris VI

Since everyone likes to know when his or her efforts are appreciated, you can understand how gratified we were to receive the following letter: "I am a black student at the University of California, San Diego, and I've been reading your magazine, on and off, for the last three years. I think it is far and away the best radical mag in the country. Through all the changes, both internally and externally—integration, black power, women's lib, cultural revolution, and the Arab-Israeli conflict—I've always been able to relate and refer back to your magazine. If I had some more money I'd become an Associate. Good luck." Thanks and good luck to you too.

We have been asked to announce that the first Isaac Deutscher Memorial Prize of £100 has been awarded to Martin Nicolaus on the strength of two essays: "Proletariat and Middle Class in Marx" (*Studies on the Left*, Vol. VII, No. 1, 1967) and "The Unknown Marx" (*New Left Review*, No. 48, March/April, 1968). The second annual Deutscher Prize will be awarded in the fall of 1970. Published or typescript works can be submitted by May 1, 1970 to: The Isaac Deutscher Memorial Prize, c/o Lloyd's Bank, 68 Warwick St., London S.W. 1.

One session at the annual meetings of the American Economic Association will be devoted to the subject of imperialism. Paul Sweezy will be the Chairman and Harry Magdoff will be one of three speakers. The other speakers will be Richard Wolff of City College and Theotonio Dos Santos of the University of Chile. The session is scheduled for December 30th at 10:30 A.M. at the New York Hilton Hotel.

From time to time we receive bequests from readers who felt, in their lifetime, that financial support would help make possible the continuance of MR as a completely independent magazine. Any reader who may wish to follow this example should be careful to state exactly, in his or her will, that the bequest is to: "Monthly Review, Inc. of 116 West 14th Street, New York, N. Y. 10011."

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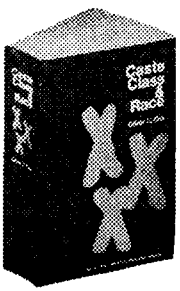

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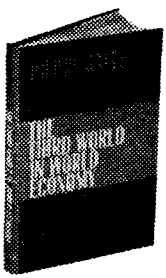

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